

# Unemployment 2001 Annual Report Insurance Board's

**Presented to  
Gov. Frank O'Bannon  
and the  
Indiana State Legislature**

**By the  
Unemployment  
Insurance Board**

Edmund Thais, President  
Jan Elsea, Vice-President  
Janet Coney, Member  
Thomas Hargrove, Member  
Morris Katz, Member  
Robert McCallen, Member  
Jerry Payne, Member  
Lowell Robinson, Member  
Gary Sorrell, Member

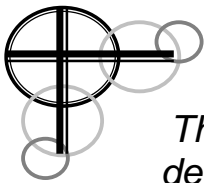
---

---

**INDIANA  
WORKFORCE  
DEVELOPMENT**

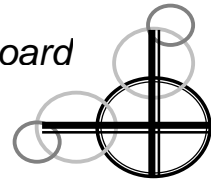


Craig E. Hartzler, Commissioner  
Donald Banning, Deputy Commissioner  
Bruce Kimery, Deputy Commissioner/Controller  
Leslie Fatum, Chief Legal Counsel  
Marsha Feltner, Board Clerk



*The Unemployment Insurance Board would like to dedicate their 2001 Annual Report to Gerald "Gary" Connelley who was killed December 24, 2001 in an automobile accident. Mr. Connelley worked twenty-six years for the Department of Workforce Development. During his time with DWD he served as a high-level team member offering invaluable assistance that led to advancements and improvements to the Unemployment Insurance program. He was a tremendous asset and resource to this Board, and its members will certainly miss him.*

*--The Board*



# **TABLE OF CONTENTS**

Unemployment Insurance (UI) Board .....	Page 2
● UI Trust Fund.....	Page 3
● Employment and Training Services Administration Fund .....	Page 7
● Special Employment and Training Services Fund .....	Page 8
<i>Advance Indiana Training Update</i> .....	Page 9
UI Modernization Project .....	Page 11
Indiana's Unemployment Tax Rate System.....	Page 14
● Demographics of Credit Balance UI Employers.....	Page 17
Spotlight--WorkOne Centers-Linton.....	Page 18
Trade Act Programs .....	Page 20
Accomplishments of 2001 .....	Page 22
Recommendations.....	Page 26
Goals for 2002 .....	Page 31
Organizational Chart as it Applies to UI Programs .....	Page 32
● The Road To Qualifying for UI Benefits.....	Page 33
● How Weekly Benefits are Calculated .....	Page 36
● DWD Offices Offering Full-time Unemployment Insurance Services.....	Page 37
Statistical Appendix .....	Page 39
● Unemployment Statistics.....	Page 40
• Key Unemployment Facts for Indiana and Neighboring States.....	Page 41
• Comparison of Taxable Wages Bases Above \$7,000 .....	Page 42
• Comparison of Average UI Tax Rate of Total Wages .....	Page 43
• Comparison of Average Weekly Wages (AWW) .....	Page 44
• Comparison of Average Weekly Benefit Amounts (AWBA).....	Page 45
• Comparison of AWBA as Percent of AWW .....	Page 46
• Comparison of Months of Benefits in Trust Funds .....	Page 47
• Comparison of Average UI Tax Rate of Taxable Wages.....	Page 48
● Historical Data .....	Page 49
• Selected Tax Data (5 Year Comparison).....	Page 50
• Selected Benefit Data (5 Year Comparison).....	Page 51
● Employment Statistics .....	Page 52
• State of Indiana Population.....	Page 53
• State of Indiana Labor Force .....	Page 54
• Comparison of Indiana and US Unemployment Rates.....	Page 54
• Indiana Establishments by Employment Size Class, March 2001.....	Page 55
• Indiana UI Covered Employment (2000 Annual Averages).....	Page 57
Glossary of Terms .....	Page 58
● Acronyms.....	Page 60

## **UNEMPLOYMENT INSURANCE (UI) BOARD**

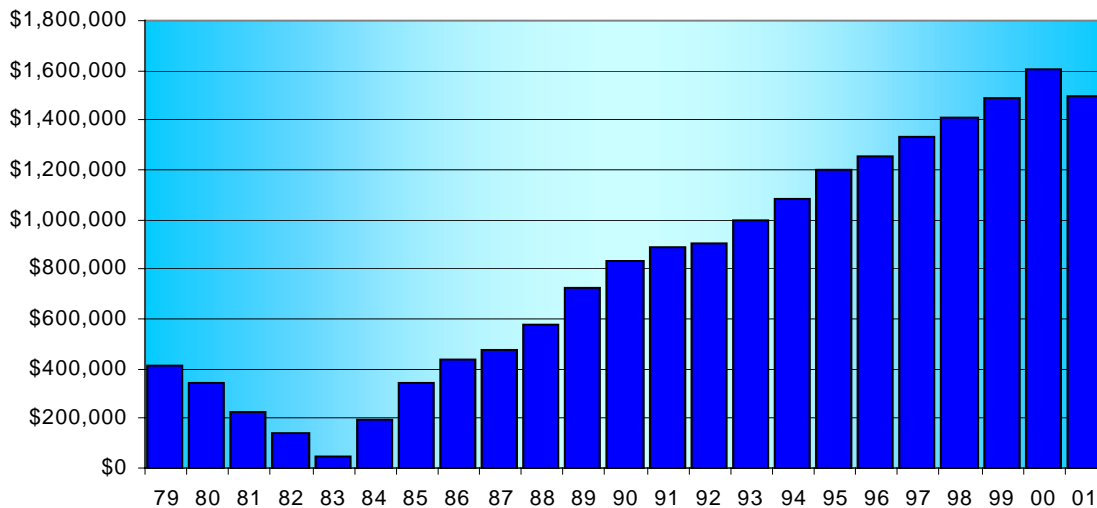
The Indiana Unemployment Insurance Board is established by law and consists of nine (9) Governor appointed members who serve staggered four-year terms. The Board consists of a cross-representation of the workforce. There are four (4) labor members that represent the concerns of working Indiana families; two (2) members representing the interests of large employers, two (2) members representing small employers, and one (1) member that represents the State and the public-at-large.

The Board is responsible for presenting an annual report to the Governor regarding the Unemployment Insurance Program and the status of the three (3) Unemployment Insurance Funds: the Unemployment Insurance Trust Fund, the Employment and Training Services Administration Fund, and the Special Employment and Training Services Fund.

## UI Trust Fund

The Unemployment Insurance Trust Fund was established in 1938 to provide for the financing of benefit payments to unemployed workers. The Trust Fund is supported by employer contributions - as mandated by the State Unemployment Act (SUTA) - and the interest earned on the fund's balance. *Chart 1* provides a historical look at the Trust Fund balances ending June 30 for the years 1979 through 2001.

**Chart 1: UI Trust Fund Balance (000)**

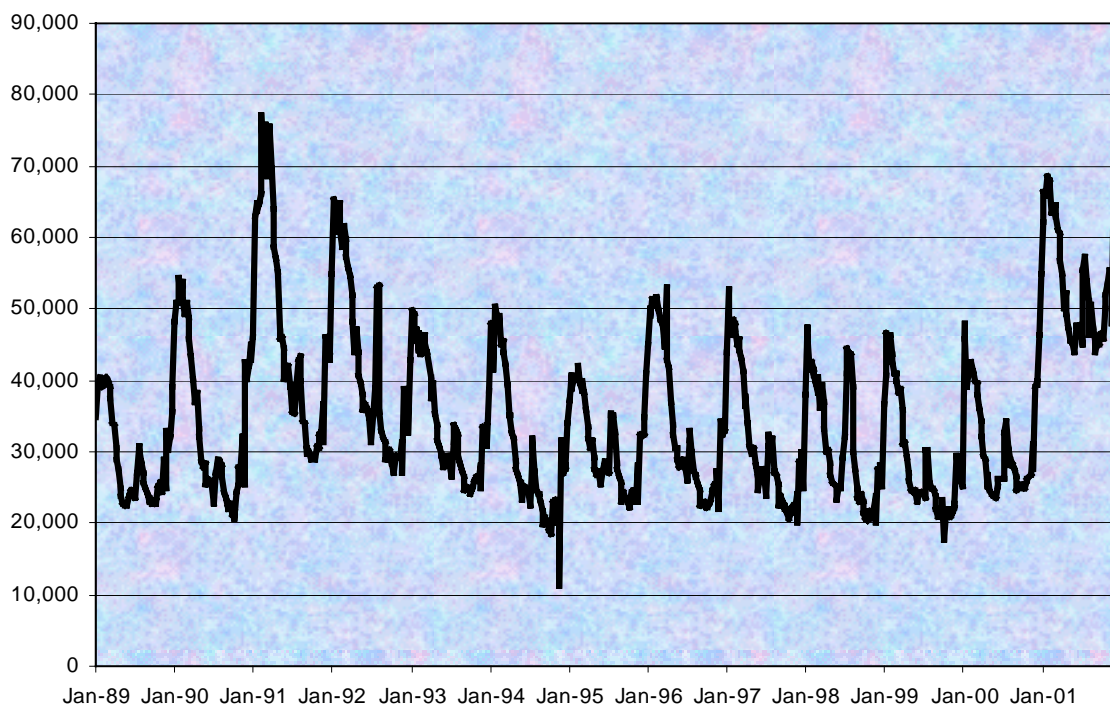


The Trust Fund balance at the end of June 30, 2001 was \$1,497,305,730, which is roughly \$108 million dollars less than the balance of the previous year. This decrease in the Fund's balance comes after a long period of dramatic growth that began in the early 1990s. In fact, this was the first year that the Trust Fund had been in decline since 1983. At that time the state borrowed \$64.4 million from the federal government to pay benefits. The change in the Trust Fund balance can be attributed to several factors including a national recession that increased claims activity, higher benefit amounts, and lower contributions.

The current recession triggered an increase in claim activity, which has affected the Trust Fund balance. The National Bureau of Economic Research defines a recession as "a significant decline in activity spread across the economy, lasting more than a few months, visible in industrial production, employment, real income, and wholesale-retail trade. A recession begins just after the economy reaches a peak of activity and ends as the economy reaches its trough." According to the Bureau's data regarding the business cycle, the U.S. economy was in recession from July 1990 until March 1991 when it reached its trough. The Bureau also reports that the economy reached its peak in March 2001, thereby marking the beginning of

the current recession. *Chart 2* illustrates a higher than normal increase in claim activity during the times that the nation was in recession. Continued claims increased by 778,515 or 53% for the twelve months ending June 2001 compared to the same period in 2000. This increase was primarily responsible for the \$179,048,895 increase in benefits paid out to Indiana claimants during this period. During the last week of December 2001, continued claims reached a high of 67,003. This was 12,226 (+22.3%) more claims than those filed during the corresponding week of the previous year. This is the first time that UI continued claims exceeded 65,000 since March 23, 1991.

**Chart 2: UI Weekly Continued Claims**

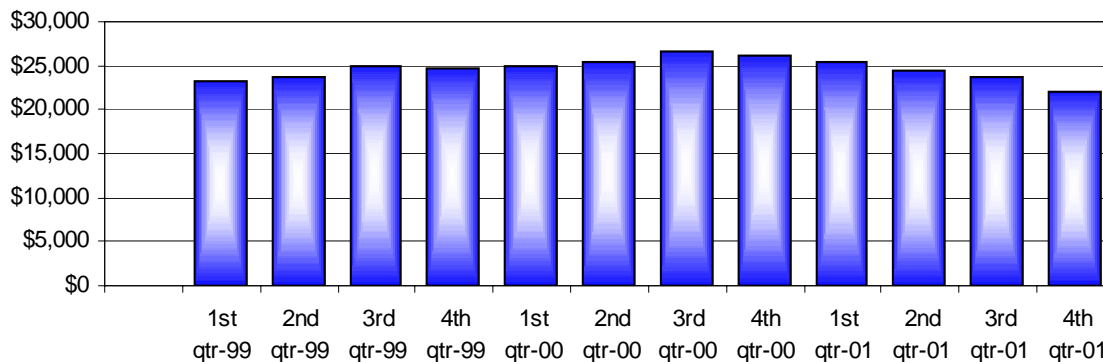


Along with increased claims, the average weekly benefit amount also increased. For the twelve-month period ending June 30, 2000, the average weekly benefit amount was \$214.87, and for the same period in 2001, it was \$236.79, an increase of \$21.92. This increase can be attributed to a higher maximum benefit amount and to a larger number of claimants who qualified for the maximum amount. For example, typically, during a recession more higher-paid employees are laid off than during periods of economic growth. These employees, in turn, are eligible to receive the maximum benefit amount, which was \$288.

Lowered contributions to the Trust Fund also played a part in the declining Trust Fund balance. In 2000, Governor Frank O'Bannon and the legislature lowered employer tax rates for 2001 and 2002. The new tax rates were projected to lower the average tax rate by 22% and 18% respectively. The tax cut could not have come at a better time for Indiana employers. This decrease in taxes occurred at the

beginning of a national recession making it a perfectly timed counter-cyclical tool. When compared to 2000, contributions in 2001 dropped by approximately 35 million dollars. In addition, a decrease in the amount of interest earned, as shown in *Chart 3*, has added to the drop in the Trust Fund balance. For the past several years benefit payments have exceeded contributions. However, the interest made up the difference, and funds were not taken from the existing balance.

**Chart 3: Interest Earned (000)**



It is important to point out that despite the decrease in the Trust Fund balance, Indiana's Trust Fund is solvent. With a balance of almost \$1.5 billion at the end of June 30, 2001, the Trust Fund was capable of paying approximately 40.7 months of benefits if payments continued at their most recent levels without any additional contributions collected. This is the purpose of the trust fund – to grow during times of prosperity in order to finance UI benefits during periods of high claims activity.

The following table shows comparisons of Indiana's UI Trust Fund transactions and balances.

**Comparison of UI Trust Fund Transactions  
12 Months Ending June 30, 1999, 2000, and 2001**

	1999	2000	2001
<b>Benefits Paid (\$ millions)</b>	<b>\$273.3</b>	<b>\$262.7</b>	<b>\$441.7</b>
<b>Tax Revenues (\$ millions)</b>	<b>\$263.1</b>	<b>\$259.7</b>	<b>\$259.7</b>
<b>Federal Interest (\$ millions)</b>	<b>\$94.1</b>	<b>\$99.8</b>	<b>\$102.5</b>
<b>Balance (\$ millions)</b>	<b>\$1,485.7</b>	<b>\$1,607.4</b>	<b>\$1,499.8</b>

The following table compares selected UI indicators taken from the US Department of Labor's UI Data Summary for the twelve-month periods ending June 30, 1999 – 2001.

Three Year Comparison of Key Factors and Indiana's National Ranking	1999	2000	2001	00 to 01 % of Change
Benefits paid (millions)	\$273.3	\$262.7	\$441.7	68.2%
<b>National Rank</b>	<b>21</b>	<b>21</b>	<b>18</b>	
Weeks compensated (millions)	1.3	1.2	1.9	52.1%
<b>National Rank</b>	<b>25</b>	<b>23</b>	<b>19</b>	
Average duration (weeks)	10.5	11.3	10.9	-3.5%
<b>National Rank</b>	<b>48</b>	<b>44</b>	<b>46</b>	
Average Weekly Benefit Amount (AWBA)	\$207.62	\$214.87	236.79	10.2%
<b>National Rank</b>	<b>26</b>	<b>26</b>	<b>21</b>	
Average Weekly Wage (AWW)	\$556.66	\$574.43	\$593.35	3.3%
<b>National Rank</b>	<b>25</b>	<b>25</b>	<b>27</b>	
AWBA as Percent of AWW	37.4%	37.6%	40.7	8.2%
<b>National Rank</b>	<b>28</b>	<b>29</b>	<b>21</b>	
Revenue (millions)	\$263.1	\$294.8	\$259.7	-11.9%
<b>National Rank</b>	<b>20</b>	<b>19</b>	<b>19</b>	
Wages paid (billions)	\$81.5	\$85.6	\$89.3	4.3%
<b>National Rank</b>	<b>15</b>	<b>15</b>	<b>16</b>	
Tax rate on total wages	0.4%	0.4%	0.4%	0.0%
<b>National Rank</b>	<b>41</b>	<b>40</b>	<b>41</b>	
Tax rate on taxable wages (Estimated)	1.3%	1.4%	1.2%	-14.3%
<b>National Rank</b>	<b>34</b>	<b>29</b>	<b>39</b>	
Covered employment (millions)	2.815	2.867	2.893	0.9%
<b>National Rank</b>	<b>14</b>	<b>14</b>	<b>14</b>	
Total unemployment rate	2.8%	3.3%	3.2%	-6.1%
<b>National Rank</b>	<b>45</b>	<b>35</b>	<b>42</b>	
Months of benefits in UI Trust Fund	65.2	73.4	40.7	-44.6%
<b>National Rank</b>	<b>13</b>	<b>11</b>	<b>17</b>	
Average High Cost Multiple (AHCM)	1.51	1.54	1.57	1.9%
<b>National Rank</b>	<b>9</b>	<b>9</b>	<b>11</b>	

For further information and/or more current UI Trust Fund data, please contact UI Statistics at 317/232-7706 or visit the Department of Labor's web site at the following address: <http://workforcesecurity.doleta.gov/unemploy/content/data.asp>.



## Employment and Training Services Administration Fund

The Employment and Training Services Administration Fund is used to pay the administrative costs of Indiana's employment security programs. In addition to Unemployment Insurance, these programs include Labor Market Information, which collects, analyzes, and reports on employment statistics; UI Statistics, which collects, analyzes, and reports on unemployment statistics; Employment Services, which provides job counseling and matches job seekers with employers; and employment services for veterans.

Funding for the Administrative Fund is derived from taxes established by the Federal Unemployment Tax Act (FUTA) and paid by employers to the Internal Revenue Service. The FUTA tax is 6.2 percent of the first \$7,000 paid to each employee in a calendar year. The employer is eligible for a 5.4 percent credit against FUTA taxes if the state program is operated in conformity with the federal law. The state unemployment taxes must be paid timely in order for the employer to receive the full 5.4 percent credit toward their FUTA tax.

The US Department of Labor (USDOL) allocates funding for the Administration Fund to ensure the proper and efficient administration of the State's employment security programs. The USDOL uses a formula based on workload to determine the amount of funding to the states. That formula is applied to congressional appropriations to determine each state's funding.

For FY01, the Indiana Department of Workforce Development had a \$3.3 million increase in UI Base Funding and received a total of \$54.2 million in Employment Service Activities Funds. Also received during this period was a special UI Reed Act distribution of \$1.5 million. It is anticipated that FY02 UI Base Funding will increase by \$1.4 million.

## **Special Employment & Training Services Fund**

Penalties and interest collected on employers' delinquent Indiana Unemployment Insurance taxes are deposited in the Special Employment and Training Services Fund. The UI Board may use monies in this fund to reimburse interest and penalties improperly collected; the costs of administration (which are not found to be valid charges against federal grants or other funds received); and for unemployment prevention programs. Expenditures from the Special Fund cannot be made until the UI Board finds that no other funds are available or can be properly used to finance such expenditures. The Special Fund balance as of December 31, 2001 was \$8,553,201.00

## **ADVANCE INDIANA TRAINING UPDATE**

### **-- Training incumbent workers**

Advance Indiana grants provide financial assistance to companies and organizations committed to expanding the skills of their incumbent workers through training programs that result in industry-recognized credentials. Since July 1999, the Indiana Department of Workforce Development (DWD) has worked with Hoosier companies to train 13,840 incumbent workers, and has awarded \$14,957,452 in grants. This valuable training is producing measurable results. Last year over 4,200 workers earned apprenticeships and journey-person status. Workers also earned college credit towards Associate Degrees, Certificates of Technical Achievement (CTA) in Advance Manufacturing as well as certifications in welding, metalworking, machine tooling, industrial manufacturing, cabling, and as a Microsoft Office User Specialist. Focusing on increasing the advanced skills of workers has resulted in increased productivity and cost savings for employers. This same focus on increasing skills has made workers more employable and has resulted in raised wages.

In 2001, Advance Indiana was faced with many challenges. Workers were being laid off and companies were closing. Eight (8) grants were terminated and over \$912,000 was returned to the training pool of funds. In spite of this, 57 new grants were approved totaling \$4,120,861 that would help 2,215 workers improve their skills. In addition, job duties were realigned and reorganization took place that utilized staff more efficiently and eliminated duplication. Business & Information Development, Rapid Response and eight (8) labor market analysts will be working in tandem to reach common agency goals with an emphasis on regional economic development.

In response to the O'Bannon/Kernan administration's strong commitment to provide effective training to both workers and employers, Skills 2016 was launched during 2001. Indiana's Skills 2016 program brought the Department of Workforce Development, the Department of Commerce, and the State Student Assistance Commission of Indiana together to deliver the State's diverse training and educational programs under one application process. Employers have the added convenience of completing an application online. For more information on the program, its guidelines, and how to apply, visit [www.in.gov/skills2016](http://www.in.gov/skills2016).

There are four (4) types of Advance Indiana grants: Gain Education and Training, Workforce Investment Now, Skilled Trades Apprenticeship, and Regional Skill Alliance.

- Gain Education and Training (GET) grants are aimed at businesses or organizations that develop innovative training programs. The training must result in industry-recognized credentials such as an apprenticeship, CTA or college degree. An eligible applicant can receive up to \$200,000

in GET funds during a two-year period. All GET grants require the approval of the Indiana Unemployment Insurance Board.

- Workforce Investment Now (WIN) training grants assist companies that have recognized risk factors such as non-seasonal layoffs, a reduction in productivity or quality, loss of a product line or other production challenges. Applications must be approved by DWD and an eligible company may receive up to \$200,000.
- Skilled Trades Apprenticeship (STA) grants help firms with training costs associated with industrial-trade apprenticeships and upgrading skills of journey-level employees. The training participants must be members of a joint labor-management training committee and enrolled in courses approved by the Bureau of Apprenticeship and Training, a division of the U.S. Department of Labor. In addition, training must be done in specified courses through Ivy Tech State College. All STA grants must first be approved by the Indiana Unemployment Insurance Board.
- Regional Skill Alliance (RSA) training grants bring together firms that coordinate training activities for the mutual benefit of all employers and employees involved. Applications must be coordinated through the Workforce Investment Boards and the maximum allowable grant is \$200,000.

Numerous employers have indicated that Advance Indiana has helped them. John King, President and CEO of Cooperative Resources, Inc. noted, "Indiana Warehouseman's Association has been very impressed with the quality of entry-level workers that came from the training program." According to Lennie Eckhart, Plant Manager at Elco-Textron, Inc., "This is the first step on the career ladder. These workers will have their foot in the door." He went on to say, "We've turned this facility around, and it's the people on the floor who have made the difference." Griner Engineering reported that the company has realized a 276% return on their training investment with production gains outweighing investments. The following is actual feedback from various employees who have participated in training as a result of an Advance Indiana grant. Some felt that the training, "Added valuable skills to the job." Others feel that, "The training is necessary to keep up with continuing technological changes." One worker added, "As a craftsperson, I have more security for the future."

Advance Indiana and the Skills 2016 program clearly makes a difference. It breaks down the biggest barriers to incumbent-worker training – time, money, and a lack of an individual development plan. By improving the skills of Indiana's workers, the program has increased productivity for Hoosier employers. The State of Indiana has created a program that fills a need that would not have otherwise been met.

## **UI MODERNIZATION PROJECT**

The Indiana Department of Workforce Development (DWD) is currently engaged in planning activities to modernize our Unemployment Insurance (UI) computer applications to take advantage of new technology that will make the systems more accessible to our clients. In the past two years, DWD has been involved in several modernization projects. In 1998, the Workforce Investment Act (WIA) sparked plans to improve communication and information sharing between government and private sector business. Indiana's DWD was one of the pilot states developing plans to support this WIA legislation.

Also in 1998, DWD implemented our award-winning Customer Self-Service System (CS3). This project established an infrastructure of computing power and advanced technology, which has allowed the agency to better serve Hoosiers seeking employment and training opportunities. CS3 allows the customer and employer the capability to self-enter all data needed to post and match available jobs and it also allows customers to file a claim for Unemployment Insurance benefits.

DWD is now involved in UI Modernization efforts designed to better serve claimants, employers, fellow state agencies, and our WIA partners who need to share specific information. We are evaluating our UI business processes and automated systems and have begun work on determining how we can redesign methods and systems to take advantage of the advanced technologies now available. Several very specific objectives have been targeted for these renovated systems. Of them the most important goal is to enable claimants and employers to enter, change, and examine their own information via the Internet.

DWD has assembled a Modernization Core Team of business and information technology analysts representing all areas of the agency. Coordination of this Modernization Project has been contracted to Symbiosis Consulting, Inc. of Indiana, who successfully coordinated DWD's efforts involved with Year 2000 preparation. The initial charge for this Core Team involves the creation of an all-inclusive, detailed UI functional cookbook prescribing how each UI function should perform in a new modernized system.

In May of 2001, the Core Team released a Request for Information (RFI), which included all of the UI functional descriptions. The purpose of this RFI was to help DWD determine if there are integrated UI systems already developed that could serve as a basis of development for a DWD modernized system. We invited respondents to come in and demonstrate their products/services to the Core Team, which would allow the team members the opportunity to see, first-hand, systems or prototypes for UI Tax and Benefits functions.

Ten vendors responded to the RFI and were subsequently scheduled to present their UI Tax and Benefits system prototypes. Some represented prototypes of separate Tax systems and Benefit systems. Others use the approach of integrated browser-based Tax/Benefit systems. The estimated cost, to develop our desired integrated system ranged from \$25 million to \$40 million, with an average implementation or contract period of three years. We were all pleased to see that a number of the responding vendors had integrated solutions comprising as much as 80% of the total solution needed by DWD. Upon completion of all of these presentations, the Team carefully discerned the particular features and ideas presented by the vendors and noted those liked and disliked.

The UI Modernization project redefines how DWD will interact with our customers. Not only will this new system provide administrative ease and change, but the employers, the claimants, WIA partners, collaborating agencies, and DOL interfacing partners will have self-service modules. The new system will securely make available UI information, as it is practical and helpful. Claimants will be able to file for unemployment from the convenience of their homes or from any computer with Internet access. Employers will be able to file UI taxes and report wages from their offices. They will be able to pay their taxes online through automatic check withdrawals or credit cards. We will make agreements with our customers to interface with them electronically versus the use of paper and US Mail.

A Request for Proposal (RFP) is currently being developed with plans for release at the end of the first quarter of 2002. The Core Team is developing the RFP Scope by integrating the features liked from the RFI process in a narrative outline format that describes each UI function. During the RFP process, DWD will be investigating the potential availability and affordability of prototype applications that might meet a significant percentage of the system requirements we have identified. We will be reviewing several vendor prototypes in detail, and will be inquiring with several UI directors in other states about the possibility of porting some or all of their existing new UI systems. From the responses to our RFI, we believe the market definitely has available components that can be customized to fulfill our modernization requirements. In parallel with all of these analysis and investigative efforts, DWD is aggressively pursuing project-funding sources to help make the UI Modernization project a successful implementation.

In tandem with the RFP process, DWD is making strides to implement some 'interim' solutions, which will enhance service to our customers. In October 2001, we implemented a Continued Claims process that allows claimants to file their weekly claim vouchers via the Internet. Surpassing the estimated 34% usage mark within months of initial operation, this procedure has far exceeded our expectations. DWD expects to implement a second 'interim' process by the end of February 2002 – Initial Claims on the Internet. This process will allow our claimants to file their initial claims from any PC with Internet access. In addition, employers will be able to file their Wage and Tax reports on the web by mid 2002.

Workforce Development is pleased to offer enhanced customer service with interim modernization efforts, and even more excited to be embarking upon this UI Modernization Project. We look forward to the measurable benefits it will bring to our Hoosier workers, employers and WIA partners.

## **INDIANA'S UNEMPLOYMENT TAX RATE SYSTEM**

State tax funding for the Unemployment Insurance (UI) program is provided through a payroll tax on Indiana employers who are liable under the Indiana Department of Workforce Development Act. The Indiana tax-rating system provides for variable tax rates for employers based on each employer's individual unemployment account history and the past year's statewide unemployment activity. A separate account is maintained for every reporting employer. A ratio is calculated for each taxable employer based on their account experience balance (tax paid less benefits charged) and recent taxable wages reported. This ratio is then applied to a rate schedule determined each year by the economic conditions within the state. This ratio is applied to determine each individual employer's tax rate for the year. Other factors, including benefits paid to former employees, voluntary payments, and the complete or partial selling and purchasing of other businesses by the employer also impact each employer's rate. Provisions of the law may also affect employer tax rates such as the employer's length of time subject to Indiana's law, recent reporting activity, and delinquent report/tax status. The examples that follow explain in detail the computation of rates and how certain factors affect the individual employer rate determination.

While the Federal Unemployment Tax Act (FUTA) establishes a fixed tax rate, the state tax is determined by using a two-step experience rating system. This is similar to business insurance in that a risk assessment is made each year before the tax rate is assigned for the following year.

The tax rates are computed using the following steps:

1. Determine annually the applicable rate schedule to be applied to all employers.

State legislation was passed mandating which schedule would be used for calendar years 2001 (Schedule E) and 2002 (Schedule D).

In the absence of legislative action, a calculated fund ratio determines the schedule to be used. The fund ratio is a numerical evaluation of the UI Trust Fund balance as of September 30 divided by the total payroll of all subject Indiana employers for the preceding calendar year. The fund ratio is applied to the Fund Ratio Schedule (IC 22-4-11-3(a)), which is used to determine the applicable tax schedule. Following is an example of the ratio calculation.



The following represents **2000's** fund ratio:

$$\frac{\$ 1,483,093,047.60 \text{ (fund balance as of Sept 30}^{\text{th}} \text{ computation date)}}{\$68,695,711,103.21 \text{ (total gross payroll reported by all subject employers for calendar year 1998)}} = 2.1589\%$$

Since 2.1589% is between 1.5 and 2.25% the applicable schedule is C.

2. Determine experience rate calculations for each employer.

Employers with credit reserve balances (state UI taxes paid exceed benefits charged) in their account are evaluated by comparing this balance with the prior thirty-six (36) months total taxable wages reported, giving the credit reserve ratio. This ratio formula is used to determine each individual employer's tax rate according to the rate schedule for accounts with credit balances. The tax rates will range from 0.15 percent to 4.2 percent for these employers depending upon the schedule in effect for the year. Below is an example of an employer with a credit rate balance.

Employer A has an experience account credit balance of \$3,562 and a thirty-six (36) month total taxable wages of \$825,000. Employer A's credit reserve ratio is .43%. Because .43% is between 0.4% and 0.6% on the Credit Balance of Schedule E, 2.0% is the correct contribution rate for Employer A.

$$\text{Credit Reserve Ratio} = \frac{3,562 \text{ (experience account balance)}}{825,000 \text{ (36 month total of taxable wages)}} = .43\%$$

Employers with a debit balance account (UI benefits charged exceed the taxes collected) are evaluated and a tax rate is assigned in accordance with the rate schedule for accounts with debit balances. The tax rates will range from 3.6 percent to 5.7 percent for these employers, depending upon the schedule in effect for the year. Below is an example of an employer with a debit experience balance.

Employer B has an experience account credit balance of \$6,000 and a thirty-six (36) month total taxable wages of \$725,000. Employer B's credit reserve ratio is .83%. Because .83% is less than 1.5% on the Credit Balance of Schedule E, 3.6% is the correct contribution rate for Employer B.

$$\text{Credit Reserve Ratio} = \frac{6,000 \text{ (experience account balance)}}{725,000 \text{ (36 month total of taxable wages)}} = .83\%$$

The unemployment insurance contribution rates for the following year are computed based on each employer's account status as of June 30--the computation date--and the past thirty-six (36) months of payroll. In order to qualify for a merit rate or lower rate, an employer must meet the following requirements:

- A. (New Employer) The employer must have been covered by the Indiana Department of Workforce Development Act for thirty-six (36) consecutive months immediately preceding the computation date. If this requirement has not been met, the employer's rate cannot be less than 2.7 percent.
- B. The employer must have had payroll in each of the three (3) twelve-month periods immediately preceding the computation date. If this requirement is not met, the employer's rate cannot be less than 2.7 percent.
- C. The employer and any predecessors must file all required quarterly reports through the quarter immediately preceding the computation date and pay the contributions, interest and/or penalty owed for these quarters.

If this last requirement is not met, the employer's rate shall not be less than 5.4 percent. This rate is divided into two (2) parts, a computed tax rate and a penalty rate. Whichever is less, 1 percent of the rate or the difference between the computed and penalty rate is used to calculate the Requirement C penalty amount. This penalty amount is deposited into the Special Employment and Training Fund and is not counted in the employer's experience balance.

The following table, *Demographics of Credit Balance UI Employers*, provides a breakdown of employers with a credit balance and is based on rate Schedule E, which has credit balances of .15 percent to 2.4 percent.

**DEMOGRAPHICS OF CREDIT BLANCE UI EMLOYERS**  
(For rating year 2001, does not include reimbursable employer accounts)

Experience Factor	Current Schedule	Number of Employer Accounts	Percent of Employer Accounts	Cumulative Number of Employer Accounts	Cumulative Percent of Employer Accounts	Taxable Payroll (\$000)	Cumulative Taxable Payroll (\$000)	Cumulative Percent of Taxable Payroll (\$000)	Annual Tax Per Employee \$7,000
3.00 & over	0.15%	30,050	25.86%	30,050	25.86%	\$1,808,404	\$1,808,404	9%	\$11
2.80 - 2.99	0.15%	4,660	4.01%	34,710	29.87%	\$470,014	\$2,278,418	12%	\$11
2.60 - 2.79	0.15%	6,892	5.93%	41,602	35.80%	\$720,110	\$2,998,528	16%	\$11
2.40 - 2.59	0.20%	6,612	5.69%	48,214	41.49%	\$1,396,325	\$4,394,853	23%	\$14
2.20 - 2.39	0.20%	7,294	6.28%	55,508	47.77%	\$2,262,646	\$6,657,499	35%	\$14
2.00 - 2.19	0.40%	5,843	5.03%	61,351	52.80%	\$233,804	\$8,991,303	47%	\$28
1.80 - 1.99	0.60%	4,585	3.95%	65,936	56.74%	\$1,989,104	\$10,980,407	57%	\$42
1.60 - 1.79	0.80%	3,399	2.93%	69,335	59.67%	\$1,622,368	\$12,602,775	66%	\$56
1.40 - 1.59	1.00%	2,332	2.01%	71,667	61.68%	\$1,341,649	\$13,944,424	73%	\$70
1.20 - 1.39	1.20%	1,627	1.40%	73,294	63.08%	\$945,590	\$14,890,014	77%	\$84
1.00 - 1.19	1.40%	1,311	1.13%	74,605	64.20%	\$480,073	\$15,370,087	80%	\$98
0.80 - 0.99	1.60%	1,015	0.87%	75,620	65.08%	\$344,000	\$15,714,087	82%	\$112
0.60 - 0.79	1.80%	781	0.67%	76,401	65.75%	\$310,417	\$16,024,504	83%	\$126
0.40 - 0.59	2.00%	596	0.51%	76,997	66.26%	\$142,379	\$16,166,883	84%	\$140
0.20 - 0.39	2.20%	535	0.46%	77,532	66.72%	\$302,749	\$16,469,632	86%	\$154
0.00 - 0.19	2.40%	617	0.53%	78,149	67.25%	\$140,202	\$16,609,834	86%	\$168

## **SPOTLIGHT--WORKONE CENTERS-LINTON**

Like all 28 of Indiana's full service WorkOne centers, the Linton office located in rural Greene County has spent this past year working to provide the best customer service to its clients and delivering up-to-the minute Unemployment Insurance (UI) information. Often times when customers walk through the WorkOne doors, they and their families are facing major life changes. Suddenly, they are forced into a situation where they have many questions, concerns, and confusion. Our mission is to answer those questions and alleviate their concerns and confusion by providing the best customer service possible and delivering information and UI benefits to them in a timely and efficient manner. Greene County, with a population of less than 30,000, has had five major dislocations in the past three years. The local WorkOne center plays a vital role in the county and provides needed services to area residents.

Many of the WorkOne customers are dislocated workers. They face many obstacles in preparing to re-enter the workforce in a new field. Most are not equipped with the needed skills that today's job market demands. Unemployment insurance affords these workers the time necessary to look for work in surrounding job markets or to return to school to update their skills.

The *Bloomington Herald-Times* documented the story of the Mumma family of Jasonville, Indiana. In May 2000, Sheilla Mumma lost her job when Charles Industries ended production. In the WorkOne orientation session, she learned that she would be able to draw Unemployment Insurance benefits and have additional training paid through the Trade Adjustment Assistance (TAA)\* program, a federal program established to help workers whose employment is adversely affected by increased imports. This allowed Sheilla to enroll in computer programming at Indiana Vocational Technical College where she will earn an Associates Degree in Automated Office Technology.

When General Electric in Bloomington reduced its workforce, Scott and Richard Mumma, Sheilla's stepsons, abruptly found themselves out of work. They followed their stepmother's example and enrolled at Ivy Tech State College. Scott is pursuing certification as a mechanic, and Richard is working on his Microsoft technician certification. Their father, Frank, and brother, Kristopher, have also started taking classes on a part-time basis while working.

Even though the TAA program was able to pay for books, tuition, and other expenses, it would not be possible for the Mumma family to attend school without the help of the UI program. They were eligible to receive six (6) months of UI benefits and then an additional year of extended benefits from the federal Trade

Readjustment Allowance (TRA)\* program. These benefits helped to ease their financial obligations. While this story is a good example of a family fighting adversity, it is also the story of how the Department of Workforce Development strives to assist Hoosiers while they transition into a new stage of their lives.

The number of claims filed in Indiana has steadily increased during the year, which has presented DWD with the extraordinary challenge of how to maintain a high quality of customer service while processing an exorbitant amount of paperwork. DWD responded to this challenge by adding Internet access to filing of continued claims. Customers can now view vouchers and submit vouchers electronically seven (7) days a week without visiting a WorkOne center or mailing their vouchers to DWD. The new system was implemented in mid-October, and it is so popular with our customers that approximately 13,000 vouchers were submitted electronically (during the week of December 9<sup>th</sup>). In nine weeks, almost 71,000 vouchers were submitted electronically. By keeping our customers first, Indiana is continuing its innovative and customer-service friendly approach into the 21<sup>st</sup> century, while also promoting lifelong learning for Hoosier families.

---

\* The Trade Adjustment Assistance (TAA) and Trade Readjustment Allowance (TRA) programs are more fully explained in the next section *Trade Act Programs*.

## **TRADE ACT PROGRAMS**

### **--Trade Adjustment Assistance (TAA) and NAFTA Transitional Adjustment Assistance Program (NAFTA/TAA)**

Workers whose employment is adversely affected by increased imports may apply for services under TAA, established under the Trade Act of 1974. The NAFTA Implementation Act established a very similar program for workers in companies affected by imports from Mexico or Canada, or by shifts in production to those countries. In some instances, workers may file petitions under both regular TAA and NAFTA/TAA programs and be "dual certified." However, workers may receive services under only one program.

The mission of the TAA program is to return adversely affected workers to work as quickly as possible at the highest possible wage.

### **Services Provided Under TAA and NAFTA/TAA:**

In addition to standard services such as job placement assistance and counseling, workers may be eligible for:

Training, including classroom, on-the-job, vocational or technical. Training services cover the cost of tuition, books and supplies and may be up to 104 weeks in duration. Transportation allowances may be available under certain circumstances.

Income Support (Trade Readjustment Allowance [TRA]) for up to 52 weeks after a worker has exhausted unemployment compensation while enrolled in full-time training\*. To qualify for TRA, workers must have worked 26 weeks during the 52-week period ending on the date of layoff.

Job Search Allowance to cover expenses incurred in seeking employment outside the worker's normal commuting area. Up to 90% of necessary transportation and living allowance (maximum of \$800) are covered while searching for employment.

Relocation Allowance of 90% of the reasonable and necessary expenses of moving the worker, his/her family and household goods if he or she is successful in obtaining suitable employment outside the normal commuting area. Additionally, workers will receive a lump sum payment of up to \$800 to help get settled.

---

\* NAFTA/TAA is different from regular TAA in that workers must be enrolled in training within sixteen (16) weeks of the qualifying separation (or if already laid off, within six (6) weeks of the date of the certification). Regular TAA does not have such timelines for enrollment.

The Trade programs are funded through the direct drawdown of funds from the US Department of Labor. There are no formula allocations for this program.

The Trade programs have seen a marked increase in activity each year. In calendar year 2001, 701 workers were enrolled into training for a total obligation of \$5,118,770.73. These students are enrolled in a variety of programs including information technology and allied health occupations.

## **ACCOMPLISHMENTS OF 2001**

In 2001, Unemployment Insurance services distributed \$612,105,331.79 in benefits to 242,978 unemployed Hoosiers. This amount includes UI benefits to the unemployed, UCX benefits to ex-employees of the military, UCFE benefits to ex-employees of federal agencies, and Trade Readjustment Allowance benefits to claimants qualifying for additional benefits due to increased foreign competition. Meanwhile, UI Tax Services collected \$230,727,063 in taxes from 125,119 Indiana employers. Changes in Indiana's Unemployment Insurance system during 2001 raised benefit amounts and lowered state unemployment taxes for most employers.

Average weekly wages for workers covered by unemployment insurance have steadily increased from an average of \$508.46 in 1997 to \$593.35 in 2001. To keep pace with the rising wages, the leadership of the Indiana General Assembly and Governor Frank O'Bannon raised the Maximum Benefit Amount several times. In 1997, the average wage replacement rate was 35.8 percent and at the end of June 2001, the replacement rate was 40.7 percent. Indiana ranked third in wage replacement when compared to other states in the Midwest as indicated in *Table 1* and 21<sup>st</sup> nationally.

**Table 1: Midwest Wages, Benefits, and Wage Replacement Rates**

<b>State</b>	<b>Average Weekly Wage</b>	<b>Average Weekly Benefit Amount</b>	<b>Wage Replacement Rate</b>
Illinois	\$729.13	\$259.81	35.9%
<b>Indiana</b>	<b>\$593.35</b>	<b>\$236.79</b>	<b>40.7%</b>
Kentucky	\$549.80	\$229.26	42.3%
Michigan	\$710.15	\$255.39	36.9%
Ohio	\$620.85	\$243.98	39.7%
Wisconsin	\$588.13	\$239.52	41.1%
<b>US Average</b>	<b>\$671.54</b>	<b>\$228.11</b>	<b>35.0%</b>

Source: *UI Data Summary*, 2<sup>nd</sup> Quarter 2001

A legislated reduction in UI tax rates took effect on January 1, 2001, which gave Indiana an average tax rate of 1.2 percent on taxable wages and a national ranking of 39. Thirty-six (36) states have a higher average tax rate than Indiana, and two (2) other states have the same average rate. The following table demonstrates that Indiana still has the lowest average annual tax per worker in the Midwest.



**Table 2: Midwest Minimum, Average, and Maximum Annual Tax Rates**

State	Minimum Annual Tax Per Worker	Average Annual Tax Per Worker	Maximum Annual Tax Per Worker
Illinois	\$18	\$198	\$ 576
<b>Indiana</b>	<b>\$11</b>	<b>\$ 84</b>	<b>\$ 378</b>
Kentucky	\$ 0	\$136	\$ 720
Michigan	\$10	\$238	\$ 770
Ohio	\$ 0	\$135	\$ 576
Wisconsin	\$ 0	\$200	\$1,024

Source: DWD UI Statistics

Other legislative changes occurred that affected UI benefits, taxes, and how we administer our programs. House Bill 1962 became law and included the following:

- Funding was made available for training grants to Hoosier businesses to upgrade the skills of their existing workers. Under the bill, a special board appointed by Governor Frank O'Bannon will recommend to the UI Board who should receive the training grants. To fund the training grants, a .09% incumbent worker training assessment will be levied against the previous year's taxable wages. To offset the assessment, employers will receive a .1% tax reduction in their state unemployment tax. Collection of the assessment will begin the second quarter of 2002 and is expected to generate approximately \$18 million annually for three years.
- An employer's experience account can be relieved from benefit charges resulting from certain disaster-related layoffs.
- Merit tax rate schedules were revised.
- Adjustments to estimated taxes were permitted.
- A good faith exception to benefit overpayments was allowed.
- Only the most recent employment is considered when determining eligibility for benefits.
- The benefit amount reduction of 25% may be applied only once during any benefit period.
- The requirement that a claimant must work for ten (10) weeks after they quit one job to accept another has been eliminated.

In addition to legislative changes, numerous improvements were made in the operation of UI services. In 2001, DWD accomplished the following:

- Assisted workers impacted by plant closures and mass layoffs in making a successful transition from job loss back into today's market. In all, 300 meetings were held with employers and unions, 460 worker information sessions were coordinated for 27,000+ workers, and twelve (12) Labor Management Adjustment Committees were established.
- Seventeen (17) of the twenty-five (25) Unemployment Insurance federal measures were achieved.
- The Benefit Payment Control unit completed more than 1,400 investigations and established over \$14,000,000 in improper Unemployment Compensation payments.
- Benefit Payment Control initiated a new hire crossmatch program, matching new hire data as reported by employers against benefits received. It is hoped that this will reduce the number of large fraud overpayments incurred by individuals currently seen. This should allow easier recovery of improperly paid benefits made as a result of a claimant's failure to report earnings or a reemployment status.
- Unemployment Insurance voucher inquiry was placed on the Internet enabling claimants to view the status of their voucher.
- Over 24,000 claimants found employment, and the overall number of people who secured employment increased by 162%.
- In 2000, the Collection Enforcement Unit began an extensive review of all accounts within the collection automated case management system to determine if they were collectable. The review, completed in September 2001, resulted in \$7,004,413.62 of liability determined to be uncollectable. This is an increase over previous years, however it is anticipated that this review will greatly reduce the amount of liability determined to be uncollectable in subsequent years.
- This effort has allowed the Collection staff to focus on more current delinquent liabilities, which generally have a higher rate of collection than older liabilities. As a result, collections increased in 2000 by 26% over collections for 1999. The total amount collected for the year 2000 was \$11,942,709.52. Collection figures for 2001 are currently above that of 2000. The actual figures for 2001 will not be available until early 2002.
- Claimants can now file their continued claims on the Internet.

- Worker Adjustment and Retraining Notification (WARN) Act notices were placed on the Internet at [www.workforce.in.gov/dwd](http://www.workforce.in.gov/dwd).
- Implemented a UI reorganization to streamline UI reporting functions.
- Established a UI roundtable to identify and improve problem areas.
- The mass marketing effort to the employer community was completed. As a result 4,386 employers are registered to report UC-1 data by telephone and pay state unemployment taxes electronically.
- Completed testing of the new scanable UC-1 forms and processing of the electronic transaction and receipt files from the lockbox vendor. The lockbox vendor will scan the UC-1 data and transmit electronic transaction and receipts files for the fourth quarter 2001 reports.

## **RECOMMENDATIONS**

The Indiana Unemployment Insurance Board's priority is improving the Unemployment Insurance system in Indiana. The Board's recommendations for 2002 are to aggressively pursue and improve the collection of delinquent liabilities, to support proposals based on a 1996 report by Dr. Wayne Vroman, and to investigate the nine recommendations published by the National Commission on Unemployment Compensation.

**1. The Board recommends that the Indiana General Assembly in the 2002 session, consider the following, and enact the proposed changes into law:**

Collection of delinquent Unemployment Insurance (UI) taxes remains a primary concern of the Board. For a number of years, the Board has worked closely with the Indiana Department of Workforce Development (DWD) to develop strategies to identify and collect delinquent UI taxes. It is the Board's opinion that current penalties allow some individuals and organizations to willfully avoid payment of their UI taxes. When benefits are owed to employees of these delinquent organizations and individuals, they are paid by the Trust Fund, and in effect, raise the tax rates of compliant employers. The Board finds that:

- Current tools available to DWD are not adequate to maximize the collection of delinquent liabilities.
- Indiana's current unemployment statutes are significantly weaker than statutes and remedies governing delinquent taxes due to the Indiana Department of Revenue.

In prior legislative sessions, some changes were made to address these issues including providing access to UI information by state and local law enforcement officials. However, more should be done. In 2001, following an extensive review of all UI accounts, it was determined that \$7,004,414 was not collectable and subsequently written off pursuant to Indiana Code 22-4-20-1. This amount reflects an increase of approximately 63.43%. The Board supports the following amendments to current state statutes, which would significantly improve DWD's collection abilities. The proposed changes are:

- Allow DWD to work with various Indiana licensing agencies to prohibit the issue or renewal of an operating license to organizations that are owned and operated by the same individuals

or corporate officers of organizations that are or have not been current in their Unemployment Insurance obligations.

- Allow DWD rights equal to the Indiana Department of Revenue concerning the exchange and review of information contained in other agencies' files that would enhance the Department's collection and enforcement proceedings.
- Mandate that the Secretary of State must require anyone requesting to form a new corporation, self proprietorship, LLC, etc. furnish the Secretary of State with a form signed by the Chairman of the Indiana Department of Workforce Development stating that the entity has no Unemployment Tax Liability in the State of Indiana.
- Mandate that an inter-agency information-sharing system be put into place, such that DWD is able to identify delinquent employers to other potentially interested State agencies, and in return, provides DWD with information (such as FEIN numbers) relevant to business entities who interact with other State agencies, for example, as contract partners or business license applicants.

**2. The Board recommends that the Indiana General Assembly consider the following:**

The Indiana Unemployment Insurance Board has supported Dr. Wayne Vroman's findings and proposals since his May 1996 study was released. The Business and Information Development Division of the Department of Workforce Development has updated his calculations to reflect current statistics.

*"Most of the explanation for Indiana's low overall rate of benefit costs resides not in the level of weekly benefits, however, but in the low rate at which unemployed workers claim and receive benefits."* (Wayne Vroman, The Urban Institute, May, 1996.)

- a. Indiana has a lower rate of applications from those individuals who become unemployed when compared with the US. From 1995 to 2000, about 28 percent of those who became unemployed filed for UI benefits, whereas for the nation 36 percent of the unemployed filed. Indiana's rate of filing was 79 percent of the national rate. During the period of Dr. Vroman's study, 1964 to 1994, Indiana's unemployed filed at 73 percent of

the national rate, which translates to 27 percent for Indiana and 37 percent for the nation.

- b. The 1996 study indicated that on average 65 percent of Indiana's claimants received a benefit payment. The national percentage was 75 percent. Thirty-five (35) percent of those who filed were determined to be ineligible due to monetary or non-monetary disqualification. This was due to the stringent requirements in Indiana's law; however, progress has been made in reducing the stringency of the law. Of those filing claims between 1995 and 2001, 70 percent of Indiana's claimants received a benefit payment compared to 73 percent nationally.
  - c. Indiana claimants who do qualify for benefits average fewer weeks of benefits than the national average. Dr. Vroman's study found that Indiana beneficiaries received an average of 10.5 weeks of benefits during the ten-year period from 1985 to 1994. The national average number of weeks of benefits received was 14.7. For 2000, Indiana's average duration was 10.7 weeks, and the national average duration was 13.7 weeks. Dr. Vroman's study suggested that a major reason for the relatively low duration of benefits is the 25 percent penalty for voluntary quits and discharges prior to the most recent separation. *"This penalizes laid-off claimants for earlier decisions having nothing to do with their current unemployment."* (Wayne Vroman, The Urban Institute, September 1996.) During the 2001 legislative session, the 25 percent penalty for voluntary quits and discharges prior to the most recent separation was removed from the law. Effective July 1, 2001, only the most recent employment will be considered when determining eligibility for benefits.
3. **Some proposals recommended in the Dr. Vroman report, *Analysis of Unemployment Insurance Benefit Provisions in Indiana*, May 1996, and their impact on the Trust Fund are listed in the following table:**

PROPOSED CHANGE	IMPACT ON THE TRUST FUND
1. Reduce the total earnings requirement from \$2,750 to \$2,000 and eliminate the last two-quarter requirements of \$1,650.	This would increase the number of claimants who would qualify, but because these would be smaller claims, this would add less than 1% to the Trust Fund expenditures.
2. Increase the maximum creditable earnings to \$10,000.	This would produce substantially higher benefits for high-income claimants; this has some logic in replacing higher lost income; this would add 3.6% in additional cost to the Trust Fund.
3. Create an alternative base period utilizing the most recent quarter earnings for claimants who do not qualify under current criteria.	This would increase the number of claimants eligible for benefits at an estimated cost of 1.6% to the Trust Fund.

The Board supports consideration of those proposals outlined by the Vroman report. If these changes were implemented, a significant number of additional claimants would qualify at a total cost to the Trust Fund of less than 5 percent. More discussion and review should be conducted to fully understand the administrative impact of these changes on DWD, claimants, employers, and the Trust Fund. This is especially critical in the development of an alternative base period.

**4. The Board supports the following recommendations in the 2002 session of the Indiana General Assembly.**

In July 1980, the National Commission on Unemployment Compensation made nine recommendations to the states. Below you will find each recommendation in bold, followed by Indiana's status on each recommendation:

- a. **Disqualification for misconduct limited to misconduct connected with work.** *22-4-15-6.1 passed in 1991 does limit the misconduct to work related misconduct.*
- b. **Weekly Benefit Amount of not less than 50 percent, preferably 60 percent, of claimant's average weekly wage.** *As of June 30, 2001, Indiana's benefit amount was on average 40.7 percent of the weekly wage.*
- c. **Maximum of 66-2/3 statewide average weekly wage, with periodic adjustment to ensure a significant percentage of claimants (75-80 percent) has a 50 percent wage replacement rate.** *If Indiana adopted this recommendation the Maximum Benefit Amount would be \$386.50. Presently, Indiana's is \$312, a*

*difference of \$74.50. (As of July 1, 2002 the Maximum Benefit Amount will be \$336.00)*

- d. Partial benefit formula that provides strong incentives to accept part-time work.** *Under 22-4-5-1(b) the claimant can get non-base period wages amounting to 20 percent of the Weekly Benefit Amount.*
- e. Minimum qualifying requirement of at least 14 weeks but not more than 39 weeks for 26 weeks of benefits.** *No change.*
- f. No disqualification for voluntary leaving with good cause, including compelling family obligations and sexual harassment.** *There is a good cause exception but it does not explicitly include family obligations or sexual harassment.*
- g. No reemployment and earnings requirement for any disqualifying act.** *Still need 8 weeks of employment at qualifying wage level.*
- h. Disqualifications for discharge for misconduct, refusal of work, and voluntary quit should be for a variable number of weeks, depending on seriousness of the action.** *No existing law—still 8 weeks regardless of severity—except for greater disqualification arising from gross misconduct.*
- i. No specific “actively seeking work” availability requirement.** *No change.*



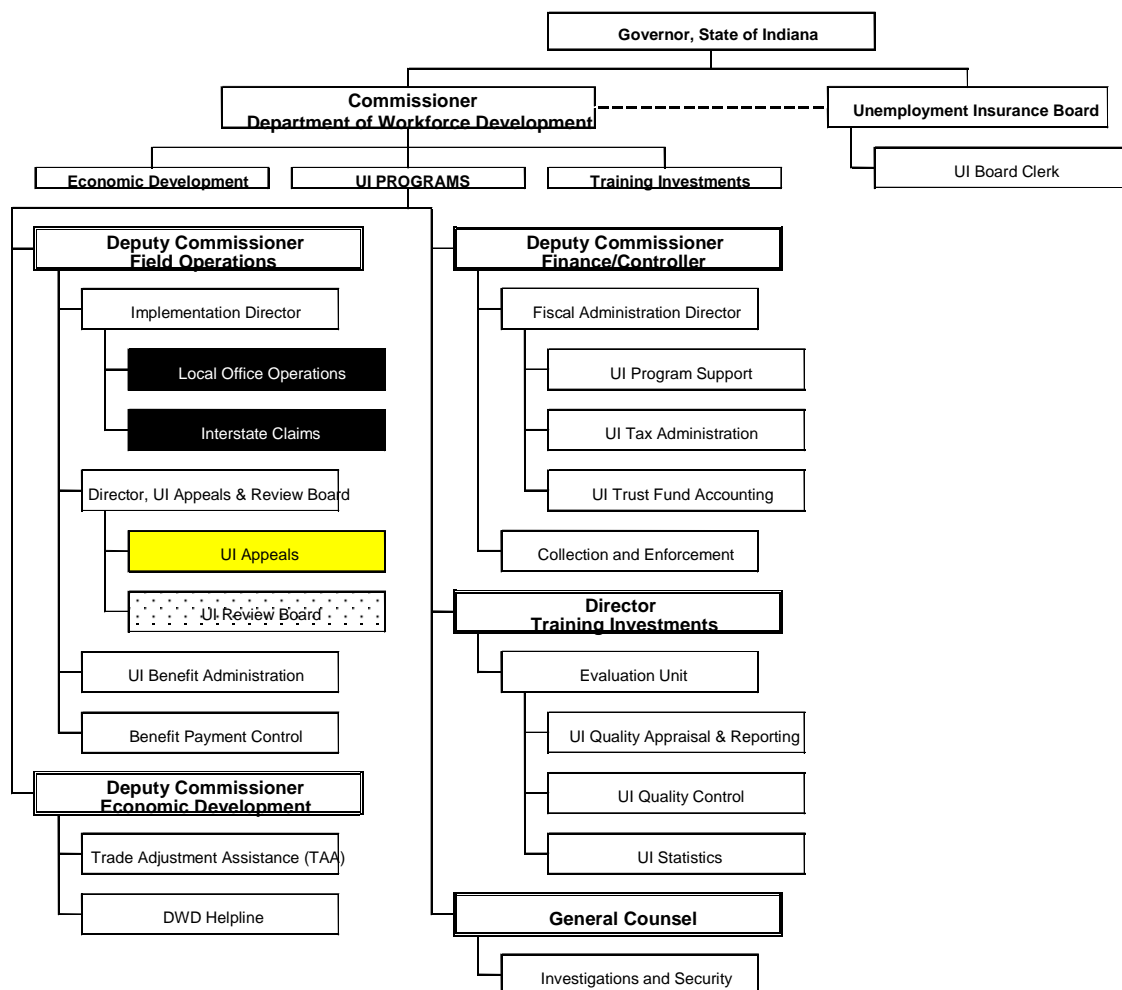
## **GOALS FOR 2002**

The Board continues to support DWD's efforts to make Indiana's UI system more efficient, equitable, and user friendly. Therefore, the Board supports the following agency goals, which are designed to increase customer satisfaction and improve UI services to the citizens of Indiana:

- Develop a process that will allow claimants to file their initial claims on the Internet.
- Establish standard operating procedures for UI and improve the current standard operating procedures for the Customer Self Service System (CS3).
- Reduce mail and long-distance telephone charges by expanding the use of e-mail with job seekers, employers, and claimants.
- Increase Unemployment Insurance performance in timeliness and quality by incorporating legislative changes and Internet claims filing.
- Improve the Fraud Case Management System.
- Refine the New Hire Crossmatch System.
- Improve Benefit Payment Control's collection rate.
- Achieve UI Modernization goals.
- Provide the option to employers to file the quarterly report (UC-1 data and wage) listing and pay state unemployment taxes electronically on the Internet.
- Continue to increase the number of employers reporting and paying state unemployment taxes on the Internet and by telephone.
- Explore the possibility of employers entering status information over the Internet.

## ORGANIZATIONAL CHART AS IT APPLIES TO UI PROGRAMS

The Indiana Department of Workforce Development is responsible for administering Unemployment Insurance (UI) services. The following is an organizational chart that shows UI services within DWD and how sections relate to applying for Unemployment Insurance. Next, *The Road to Qualifying for UI Benefits* lists the steps required to apply for and receive UI Benefits. The table, *How Weekly Benefits are Calculated*, describes the methodology used in determining the Weekly Benefit Amount. Also, on pages 38-39 you will find a map and listing of all full-time WorkOne offices where UI services are administered.



- Steps 1 through 7 are done at the Local Office or Interstate Office level.
- Appeal Option 1 is done at the UI Appeal level.
- Appeal Option 2 is done at the UI Review Board level.

See the *Road to Qualifying for UI Benefits* (page 34).

## The Road to Qualifying for UI Benefits



### Apply for benefits--

**Test--**Verify the social security number. If test is passed, move on to next step. If not, hold claim for proper verification.



### Monetary/Non-monetary determinations--

**(NOTE: All monetary and non-monetary determinations are subject to appeal by either the employer or claimant within a specified time period.)**

### Monetary determination test--

Claimant must:

- A. Earn \$2,750 in the base period, which is the first four (4) of the last five (5) quarters preceding the filing of the claim. **If this criteria is met, move to B. If not, the claim will be disqualified.**
- B. Earn \$1,650 in the last two (2) quarters of the base period. **If this criteria is met, move to C. If not, the claim will be disqualified.**
- C. Have total wages in the base period that exceeds 1.25 percent of the wages in the highest quarter. **If this criteria is met, the claimant is monetarily eligible. If not, the claim will be disqualified.**

### Non-monetary determination test--

Did the claimant:

- A. Separate from his or her most recent employer because of no fault of his or her own? **If yes, move to Step 3. If not, the claim will be disqualified. (See B.)**
- B. Voluntarily leave or was the claimant discharged for just cause from his or her separating employer? If so, the claimant will not be eligible for benefits until remuneration has been earned equal to the Weekly Benefit Amount in

each of the eight (8) weeks after the voluntary quit or discharge. **If the claimant requalifies by earning his or her Weekly Benefit Amount in EACH of the eight (8) weeks, the claim will proceed to Step 3 with a one-time 25% reduction in the total claim amount.**

**1<sup>st</sup>  
Appeal  
Option**

If previous tests are not passed, the claimant may file an appeal with the Appellate Section of DWD.

**2<sup>nd</sup>  
Appeal  
Option**

If claimant does not win on appeal, he or she may file a second appeal with DWD's Review Board.



**Waiting Period--**

**Test--**The first week of a claim is a waiting period with no payment. **(Move on to Step 4.)**



**Benefit Right Interview (BRI)--**

**Test--**BRI information will be provided to the claimant. This explains the claimant's rights and obligations. **(Move on to Step 5.)**



**Claimant Profiling--**

**Test--**If the claimant is identified as likely to exhaust benefits, he or she will participate in profiling services, which may include orientation, assessment, job search workshop, referral to training, job referrals, job development, referral to supportive services, and counseling.

If not identified for profiling, **Move on to Step 6.**



### **Register with Job Service/CS3--**

**Test--**Within the first four (4) weeks after filing a claim, the claimant must register with DWD's Job Service/CS3. Benefits will be suspended until registration occurs. *Exceptions: Temporary layoffs with a definite recall or membership in a union hiring hall.*  
**(Move on to Step 7.)**



### **Weekly Reporting--**

**Test--**During each week of the claim, a voucher must be submitted that identifies that the claimant was:

1. Able to work; and,
2. Available to work; and,
3. Seeking employment.

If the three (3) areas are met, the claimant will be eligible for benefits for the week. The claimant is not eligible for benefits if he or she is not able and available for work. However, if the claimant is partially available, benefits will be reduced by 33% for each day not available.

**Note: The claimant must accept suitable work if offered. If a suitable job is rejected, the claimant will not be eligible for benefits.**

## How Weekly Benefits are Calculated

Wage credits are quarterly wages earned in a base period. The maximum wage credit per quarter is \$6,700 for claims filed before 07/01/01, & \$7,300 for claims filed after 07/02/01.

The Weekly Benefit Amount is the result of the following formula:  
 (5% of the first \$2,000 of the highest quarterly wage credit) +  
 (4% of the remaining wage credit for that quarter)

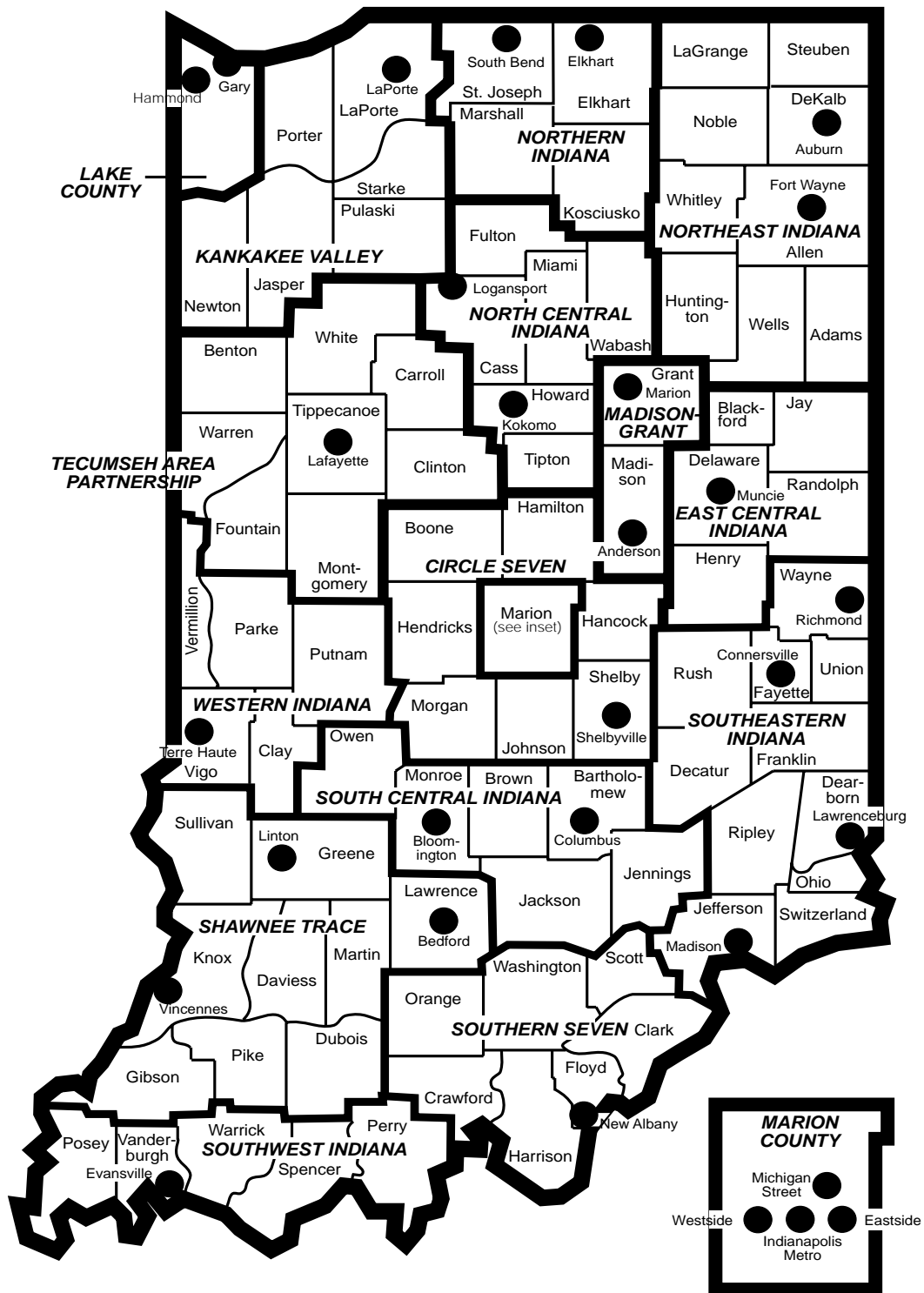
The maximum total benefit is the lower of:

- a) 26 times the individuals weekly benefit,
- or-**
- b) 28 percent of the individuals wage credits

**(NOTE: calculated figures are rounded down to the next lowest dollar.)**

ASSUMPTIONS	PRE 07/02/01	EFFECTIVE THRU 06/30/02
1 <sup>st</sup> quarter credits	\$6,700	\$7,300
2 <sup>nd</sup> quarter credits	\$6,700	\$7,300
3 <sup>rd</sup> quarter credits	\$6,700	\$7,300
4 <sup>th</sup> quarter credits	\$6,700	\$7,300
Total Credits	\$26,800	\$29,200
Weekly benefit calculation highest quarter credit X 5% for first \$2,000 X 4% for remaining credits = weekly benefit amount (rounded down to \$1.00)	Wages      Benefit \$6,700 \$2,000 = \$100.00 \$4,700 = \$188.00 = \$288.00	Wages      Benefit \$7,300 \$2,000 = \$100.00 \$5,300 = \$212.00 = \$312.00
Maximum benefit calculation X weekly benefit <b>-or-</b> 28% of total wages Lesser amount	= 26 X 288 = \$7,488 = .28 X 26,800 = \$7,504 = \$7,488	= 26 X 312 = \$8,112 = .28 X 29,200 = \$8,176 = \$8,112
Payment Stream 26 payments of 288 or 312 Total benefits paid	= \$7,488 = \$7,488	= \$8,112 = \$8,112

# DWD Offices Offering Full Time Unemployment Insurance Services



## DWD Offices Offering Full Time Unemployment Insurance Services

<u>Office</u>	<u>Address</u>	<u>Zip Code</u>	<u>Phone #</u>
Anderson.....	222 E 10 <sup>TH</sup> St, Ste B .....	46016-1721 .....	765-642-4981
Auburn .....	936 W 15 <sup>th</sup> St.....	46706-2031 .....	260-925-0124
Bedford .....	918 16 <sup>th</sup> St, Ste 200 .....	47421-0040 .....	812-279-4400
Bloomington .....	450 Landmark Ave.....	47402-3000 .....	812-331-6000
Columbus .....	2320 Midway, Ste 3 .....	47202-3006 .....	812-376-3351
Connersville.....	200 W 5 <sup>th</sup> St.....	47331-1498 .....	765-825-3191
Elkhart.....	430 Waterfall Dr.....	46516-3696 .....	594-295-0105
Evansville .....	700 E Walnut .....	47713-2561 .....	812-424-4473
Fort Wayne.....	201 E Rudisell Blvd, Ste 202....	46806-1756 .....	260-475-3555
Gary .....	1776 W 37 <sup>th</sup> Ave .....	46408-0081 .....	219-981-1520
Hammond.....	6431 Columbia Ave .....	46320-0081 .....	219-933-8332
Indy-Eastside .....	2525 N Shadeland, C-3 .....	46219-1770 .....	317-684-2400
Indy-Metro .....	17 W Market .....	46204-7032 .....	317-684-2400
Indy-Michigan St.....	1635 W Michigan St.....	46222 .....	317-264-1313
Indy-Westside.....	805 Beachway Dr, Ste 110 .....	46224-7785 .....	317-684-2400
Kokomo .....	709 S Reed Rd .....	46903-1371 .....	765-459-0571
Lafayette .....	2301 Concord Rd.....	47903-5529 .....	765-474-5411
LaPorte .....	300 Legacy Plaza West .....	46350-5276 .....	219-362-2175
Lawrenceburg .....	230 Mary Ave, Ste 100 .....	47025-0145 .....	812-537-1117
Linton .....	1600 NE "A" St .....	47441-0069 .....	812-847-4479
Logansport .....	1805 Smith St, Ste 550 .....	46947 .....	219-722-6652
Madison.....	620 Green Rd .....	47250-1078 .....	812-265-3734
Marion .....	850 N Miller Ave .....	46952-5002 .....	765-668-8911
Muncie.....	201 E Charles St.....	47308-7103 .....	765-289-1861
New Albany .....	3310 Grant Line Rd .....	47151-1287 .....	812-948-6102
Richmond .....	3771 S "A" St.....	47374-6053 .....	765-962-8591
Shelbyville .....	425 E Washington St .....	46176-1744 .....	317-392-3251
South Bend .....	203 S William St .....	46601-2500 .....	574-233-6175
Terre Haute .....	30 N 8 <sup>th</sup> St.....	47806 .....	812-234-6602
Vincennes .....	310 N 2 <sup>nd</sup> St .....	47591-0430 .....	812-882-8770



## **STATISTICAL APPENDIX**

<b>Unemployment Insurance Statistics .....</b>	<b>Page 40</b>
Key Unemployment Facts for Indiana and Neighboring States.....	Page 41
Comparison of Taxable Wage Bases Above \$7,000 .....	Page 42
Comparison of Average UI Tax Rate of Total Wages .....	Page 43
Comparison of Average Weekly Wages (AWW).....	Page 44
Comparison of Average Weekly Benefit Amounts (AWBA) .....	Page 45
Comparison of AWBA as Percent of AWW.....	Page 46
Comparison of Months of Benefits in Trust Funds .....	Page 47
Comparison of Average UI Tax Rate of Taxable Wages .....	Page 48
<b>Historical Data .....</b>	<b>Page 49</b>
Selected Tax Data (5 Year Comparison) .....	Page 50
Selected Benefit Data (5 Year Comparison) .....	Page 51
<b>Employment Statistics.....</b>	<b>Page 52</b>
State of Indiana Population.....	Page 53
State of Indiana Labor Force .....	Page 54
Comparison of Indiana and US Unemployment Rates .....	Page 54
Indiana Establishments by Employment Size Class, March 2001 .....	Page 55
Indiana UI Covered Employment (2000 Annual Averages).....	Page 57

# **Unemployment Statistics**

## KEY UNEMPLOYMENT FACTS FOR INDIANA AND NEIGHBORING STATES

DESCRIPTION	INDIANA	ILLINOIS	KENTUCKY	MICHIGAN	OHIO	WISCONSIN	UNITED STATES
2000 Population (000's) <sup>1</sup>	6,080	12,419	4,042	9,938	11,353	5,364	281,422
2Q01 Civilian labor force (000's) <sup>2</sup>	3,118	6,430	2,006	5,251	5,905	3,061	141,602
<i>Ranking</i> <sup>2</sup>	14 <sup>th</sup>	5 <sup>th</sup>	26 <sup>th</sup>	8 <sup>th</sup>	7 <sup>th</sup>	16 <sup>th</sup>	
2Q01 unemployment rate <sup>2</sup>	3.2%	5.2%	4.3%	4.7%	4.3%	4.3%	4.4%
<b>UI TAXES</b>							
Taxable wage base <sup>2</sup>	\$7,000	\$9,000	\$8,000	\$9,500	\$9,000	\$10,500	\$10,341
Base employer rate <sup>3</sup>	2.7%	3.1%	2.7%	2.7%	2.7%	2.7%	
Employer surcharge <sup>4</sup>	None	0.40%	0.075%	None	Variable	0.01%	
Surcharge reason <sup>4</sup>	N/A	Solvency	Technology	N/A	Solvency	Technology	
2001 minimum tax rate <sup>3</sup>	0.15%	0.20%	0.00%	0.10%	0.00%	0.00%	0.00%
2001 maximum tax rate <sup>3</sup>	5.40%	6.40%	9.00%	8.10%	6.40%	9.75%	10.09%
2001 average tax rate (taxable wages) <sup>2</sup>	1.2%	2.2%	1.7%	2.5%	1.5%	1.9%	1.9%
2001 average UI tax rate (total wages) <sup>2</sup>	0.4%	0.5%	0.5%	0.7%	0.4%	0.7%	0.5%
Base new employer tax per worker <sup>5</sup>	\$189	\$279	\$216	\$257	\$243	\$284	
Minimum tax per worker <sup>5</sup>	\$11	\$18	\$0	\$10	\$0	\$0	
Maximum tax per worker <sup>5</sup>	\$378	\$576	\$720	\$770	\$576	\$1,024	
Average tax per worker <sup>5</sup>	\$84	\$198	\$136	\$238	\$135	\$200	
Trust Fund balance (millions) <sup>2</sup>	\$1,500	\$1,933	\$644	\$2,942	\$2,214	\$1,720	\$53,782
Months in Trust Fund <sup>2</sup>	40.7	15.6	22.5	27.3	27.5	30.4	26.5
<b>UI BENEFITS</b>							
Minimum base period wages required <sup>4</sup>	\$2,750	\$1,600	\$1,500	\$3,219	\$2,640	\$1,590	
Minimum weekly benefit <sup>6</sup>	\$50	\$51	\$39	\$81	\$85	\$46	
Maximum weekly benefit <sup>6</sup>	\$312	\$315	\$341	\$300	\$303	\$313	
AWW (last 12 months) <sup>2</sup>	\$593.35	\$729.13	\$549.80	\$710.15	\$620.85	\$588.13	\$671.54
<i>Ranking</i> <sup>2</sup>	27 <sup>th</sup>	7 <sup>th</sup>	35 <sup>th</sup>	8 <sup>th</sup>	22 <sup>nd</sup>	28 <sup>th</sup>	
AWBA (last 12 months) <sup>2</sup>	\$236.79	\$259.81	\$229.26	\$255.39	\$243.98	\$239.52	\$228.11
Average claim benefit <sup>2</sup>	\$3,523	\$4,687	\$3,553	\$4,857	\$4,103	\$2,934	\$3,437
Replacement rate (benefit/wage) <sup>2</sup>	40.7%	35.9%	42.3%	36.9%	39.7%	41.1%	35.0%
Avg. UI compensation duration (last 12 mos.) <sup>2</sup>	10.9	14.6	12.0	10.9	12.4	11.1	13.2
<i>Ranking</i> <sup>2</sup>	46 <sup>th</sup>	10 <sup>th</sup>	35 <sup>th</sup>	45 <sup>th</sup>	33 <sup>rd</sup>	43 <sup>rd</sup>	

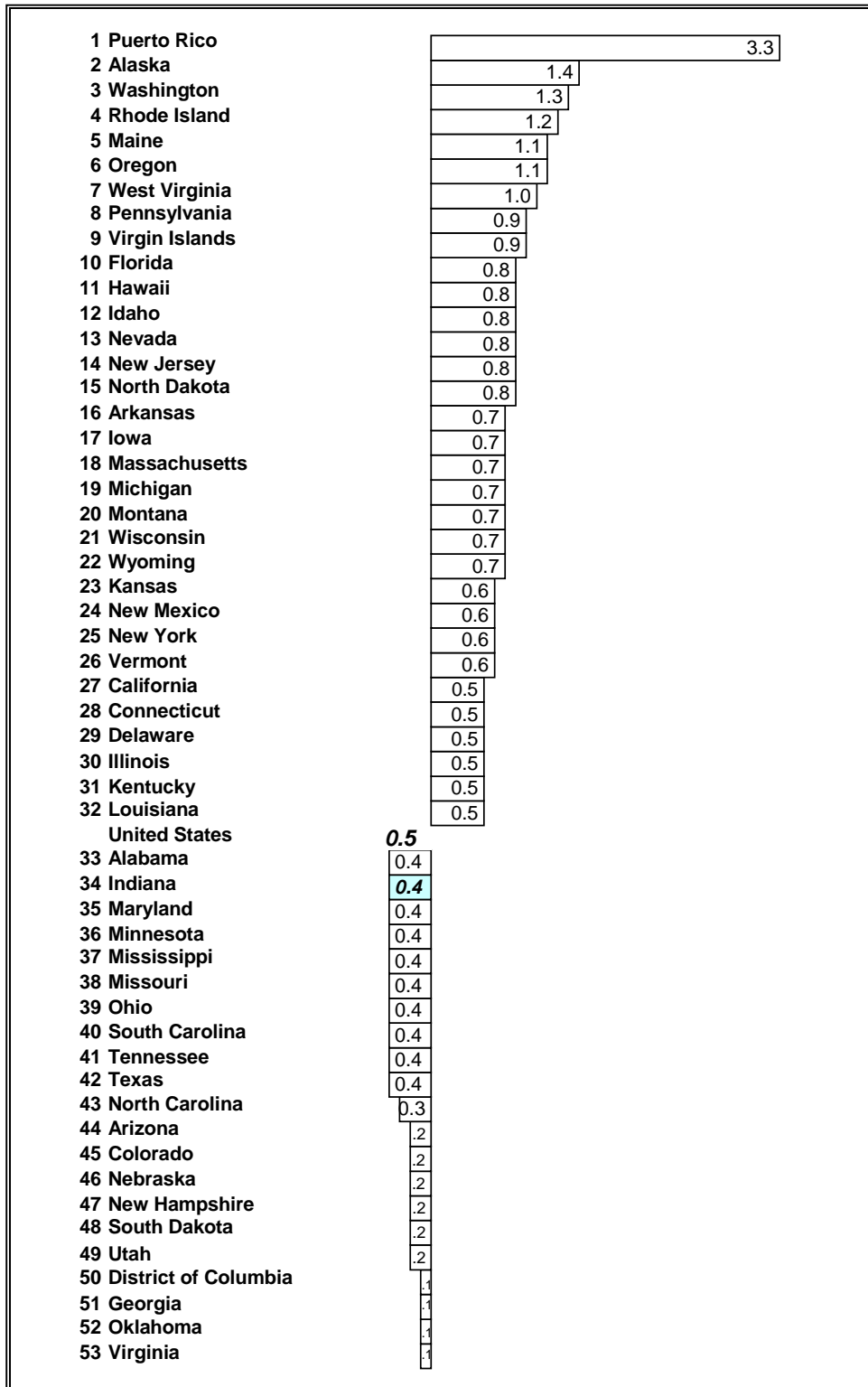
<sup>1</sup>00 census estimate   <sup>2</sup>2Q'01 UI Data Summary   <sup>3</sup>2001 NFCU Report   <sup>4</sup>2001 Comparison of State UI Laws   <sup>5</sup>Calculated   <sup>6</sup>7/01 Significant provision of State UI

Key Unemployment Facts for Indiana and Neighboring States

## Comparison of Taxable Wage Bases Above \$7,000

1	Hawaii	\$28,400
2	Washington	\$26,600
3	Idaho	\$25,700
4	Alaska	\$25,500
5	Oregon	\$25,000
6	New Jersey	\$22,100
7	Utah	\$21,400
8	Nevada	\$20,300
9	Minnesota	\$20,000
10	Montana	\$18,200
11	Iowa	\$17,900
12	North Dakota	\$17,000
13	Virgin Islands	\$15,900
14	New Mexico	\$15,200
15	Connecticut	\$15,000
16	North Carolina	\$14,700
17	Wyoming	\$14,100
18	Maine	\$12,000
19	Rhode Island	\$12,000
20	Massachusetts	\$10,800
21	Wisconsin	\$10,500
	United States	<b>\$10,341</b>
22	Oklahoma	\$10,100
23	Colorado	\$10,000
24	Michigan	\$9,500
25	Arkansas	\$9,000
26	District of Columbia	\$9,000
27	Illinois	\$9,000
28	Ohio	\$9,000
29	Texas	\$9,000
30	Delaware	\$8,500
31	Georgia	\$8,500
32	Maryland	\$8,500
33	New York	\$8,500
34	Alabama	\$8,000
35	Kansas	\$8,000
36	Kentucky	\$8,000
37	New Hampshire	\$8,000
38	Pennsylvania	\$8,000
39	Vermont	\$8,000
40	Virginia	\$8,000
41	West Virginia	\$8,000
42	Arizona	\$7,000
43	California	\$7,000
44	Florida	\$7,000
45	Indiana	<b>\$7,000</b>
46	Louisiana	\$7,000
47	Mississippi	\$7,000
48	Missouri	\$7,000
49	Nebraska	\$7,000
50	Puerto Rico	\$7,000
51	South Carolina	\$7,000
52	South Dakota	\$7,000
53	Tennessee	\$7,000

## Comparison of Average UI Tax Rate of Total Wages



## Comparison of Average Weekly Wages (AWW)

1 District of Columbia	955.23
2 Connecticut	874.99
3 New York	865.51
4 Massachusetts	851.92
5 New Jersey	838.76
6 California	789.80
7 Illinois	729.13
8 Michigan	710.15
9 Colorado	709.83
10 Washington	709.25
11 Delaware	702.16
12 Maryland	681.37
13 Minnesota	679.01
United States	<b>671.54</b>
14 Texas	\$668.06
15 New Hampshire	\$665.22
16 Virginia	\$661.93
17 Alaska	\$658.82
18 Georgia	\$652.98
19 Pennsylvania	\$650.06
20 Oregon	\$625.98
21 Arizona	\$622.47
22 Ohio	\$620.85
23 Rhode Island	\$619.93
24 Nevada	\$616.78
25 Missouri	\$598.68
26 North Carolina	\$594.64
27 Indiana	<b>\$593.35</b>
28 Wisconsin	\$588.13
29 Florida	\$582.67
30 Tennessee	\$581.40
31 Hawaii	\$571.84
32 Kansas	\$559.38
33 Utah	\$553.48
34 Vermont	\$551.33
35 Kentucky	\$549.80
36 Alabama	\$548.75
37 South Carolina	\$537.88
38 Iowa	\$533.86
39 Louisiana	\$530.65
40 Nebraska	\$527.79
41 Idaho	\$526.64
42 Maine	\$524.18
43 Virgin Islands	\$522.63
44 New Mexico	\$516.31
45 Wyoming	\$507.75
46 Oklahoma	\$507.59
47 West Virginia	\$506.43
48 Arkansas	\$500.57
49 Mississippi	\$477.41
50 South Dakota	\$468.08
51 North Dakota	\$467.76
52 Montana	\$454.13
53 Puerto Rico	\$355.07

## Comparison of Average Weekly Benefit Amounts (AWBA)

1	Massachusetts	\$326.24
2	Washington	\$309.08
3	New Jersey	\$308.32
4	Minnesota	\$299.99
5	Hawaii	\$296.12
6	Rhode Island	\$283.79
7	Pennsylvania	\$278.10
8	Colorado	\$277.18
9	Connecticut	\$273.02
10	New York	\$263.93
11	Michigan	\$261.78
12	Illinois	\$261.76
13	Utah	\$258.22
14	Kansas	\$255.72
15	District of Columbia	\$252.82
16	Oregon	\$248.26
17	Ohio	\$246.28
18	Iowa	\$245.63
19	North Carolina	\$242.34
20	Wisconsin	\$241.54
21	Indiana	\$241.31
22	Texas	\$239.45
	United States	\$234.73
23	Maryland	\$233.76
24	Kentucky	\$232.48
25	Virgin Islands	\$230.82
26	Oklahoma	\$227.61
27	New Hampshire	\$226.03
28	Georgia	\$225.70
29	Nevada	\$225.39
30	Vermont	\$225.38
31	Montana	\$225.23
32	Florida	\$224.18
33	Idaho	\$221.86
34	Arkansas	\$219.91
35	Virginia	\$219.56
36	Delaware	\$214.71
37	Maine	\$214.63
38	North Dakota	\$214.46
39	Wyoming	\$212.29
40	South Carolina	\$204.94
41	Nebraska	\$202.87
42	West Virginia	\$201.61
43	Missouri	\$199.45
44	Tennessee	\$194.84
45	Louisiana	\$191.66
46	Alaska	\$188.25
47	South Dakota	\$187.59
48	New Mexico	\$186.06
49	Arizona	\$169.36
50	California	\$169.32
51	Alabama	\$165.32
52	Mississippi	\$160.83
53	Puerto Rico	\$105.43

## Comparison of AWBA as Percent of AWW

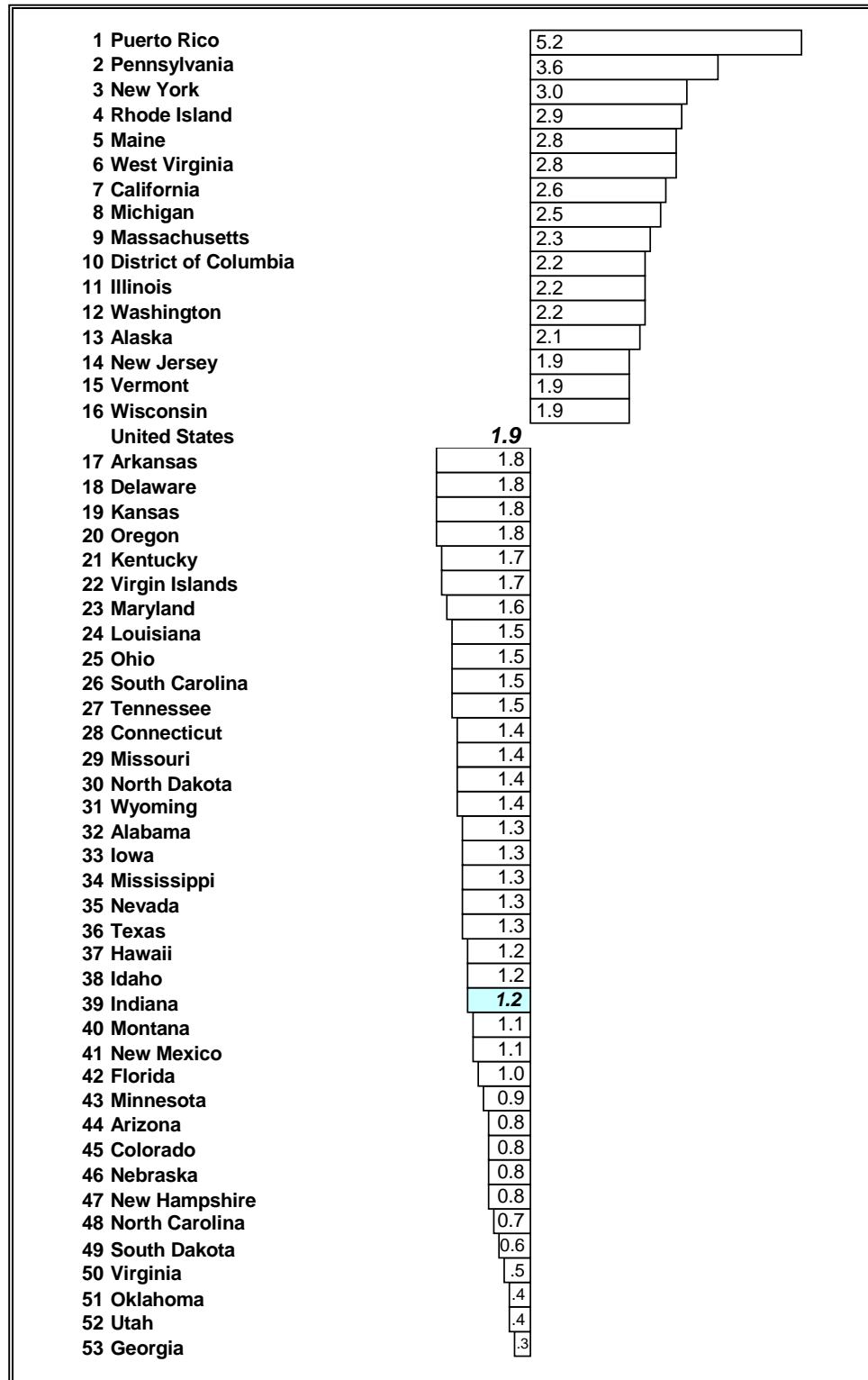
1 Hawaii	51.8%
2 Montana	49.6%
3 Utah	46.7%
4 Iowa	46.0%
5 North Dakota	45.8%
6 Rhode Island	45.8%
7 Kansas	45.7%
8 Oklahoma	44.8%
9 Minnesota	44.2%
10 Virgin Islands	44.2%
11 Arkansas	43.9%
12 Washington	43.6%
13 Pennsylvania	42.8%
14 Kentucky	42.3%
15 Idaho	42.1%
16 Wyoming	41.8%
17 Wisconsin	41.1%
18 Maine	41.0%
19 Vermont	40.9%
20 North Carolina	40.8%
21 Indiana	40.7%
22 South Dakota	40.1%
23 West Virginia	39.8%
24 Ohio	39.7%
25 Oregon	39.7%
26 Colorado	39.1%
27 Florida	38.5%
28 Nebraska	38.4%
29 Massachusetts	38.3%
30 South Carolina	38.1%
31 Michigan	36.9%
32 New Jersey	36.8%
33 Nevada	36.5%
34 Louisiana	36.1%
35 New Mexico	36.0%
36 Illinois	35.9%
37 Texas	35.8%
United States	35.0%
38 Georgia	34.6%
39 Maryland	34.3%
40 New Hampshire	34.0%
41 Mississippi	33.7%
42 Tennessee	33.5%
43 Missouri	33.3%
44 Virginia	33.2%
45 Connecticut	31.2%
46 Delaware	30.6%
47 New York	30.5%
48 Alabama	30.1%
49 Puerto Rico	29.7%
50 Alaska	28.6%
51 Arizona	27.2%
52 District of Columbia	26.5%
53 California	21.4%



## Comparison of Months of Benefits in Trust Funds

1 Virgin Islands	198.3
2 New Hampshire	137.7
3 Louisiana	87.2
4 New Mexico	86.8
5 Wyoming	85.4
6 Vermont	69.8
7 Arizona	69.6
8 Utah	58.0
9 Mississippi	55.6
10 Virginia	54.2
11 District of Columbia	51.5
12 Colorado	51.2
13 Maine	51.0
14 Georgia	50.5
15 Delaware	50.4
16 Oklahoma	47.5
17 Indiana	40.7
18 Oregon	36.9
19 Hawaii	36.7
20 Maryland	35.9
21 Iowa	35.2
22 Florida	33.8
23 South Carolina	33.5
24 Montana	33.1
25 South Dakota	32.2
26 New Jersey	31.0
27 Wisconsin	30.4
28 Kansas	30.0
29 California	29.7
30 Nebraska	28.9
31 Puerto Rico	28.5
32 Nevada	28.1
33 Massachusetts	27.8
34 Ohio	27.5
35 Michigan	27.3
United States	26.5
36 Idaho	24.6
37 Rhode Island	24.3
38 West Virginia	22.9
39 Washington	22.6
40 Connecticut	22.5
41 Kentucky	22.5
42 Alaska	21.1
43 Tennessee	20.1
44 Pennsylvania	19.9
45 Alabama	19.0
46 North Carolina	17.8
47 Illinois	15.6
48 Minnesota	13.0
49 Missouri	12.7
50 Arkansas	12.5
51 New York	8.6
52 Texas	8.5
53 North Dakota	7.5

## Comparison of Average UI Tax Rate of Taxable Wages



# Historical Data

## Selected Tax Data (5 Year Comparison)

SELECTED TAX DATA	2001	2000	1999	1998	1997
Number of Employers	125,119	124,654	123,620	124,386	123,555
Tax-Paying Employers	122,994	122,545	121,537	122,178	121,486
Total Wages (billions)	\$75.790 H	\$75.004	\$72.070	\$66.162	\$63.615
Taxable Wages (billions)	\$19.532	\$19.249	\$19.249	\$18.833	\$18.060
Number of Employees (millions)	2.38 H	2.40	2.38	2.34	2.29
Average Weekly Wage	\$612.00 H	\$600.59	\$582.44	\$563.66	\$533.25
Reimbursable Employers	2,125	2,109	2,083	2,208	2,069
Total Wages (billions)	14.859 H	14.270	13.475	12.825	12.112
Number of Employees (millions)	492,910 H	491,675	484,106	473,509	464,924
Average Weekly Wage	\$579.73 H	\$558.14	\$535.30	\$520.88	\$501.00
Total Tax Dollars Collected (millions)	\$230.727	\$294.706	\$283.073	\$237.855	\$260.780
Total Tax Dollars Delinquent (millions)	\$15.226	\$22.189	\$23.495	\$26.733	\$27.994
Taxable (millions)	\$13.574	\$21.427	\$22.901	\$24.900	\$25.435
Reimbursable (millions)	\$1.652	\$0.762	\$0.594	\$1.833	\$2.559
New Accounts	17,835	18,462	18,153	18,966	19,702
New Establishment	13,903	14,112	13,515	14,304	14,471
Successor	3,932	4,350	4,638	4,662	5,231
Wage Records (millions)	13.878	11.147	13.901	13.056	12.705
Quarterly Returns Mailed	501,743	500,154	500,907	498,014	493,203
Quarterly Returns Processed	487,332	446,931	431,121	470,871	464,235
Tax Assistance Calls (incoming) †	71,669	75,984 X	61,994	61,932 †	46,123
Federal Recertifications	4,957	6,272	3,972	4,928	4,052
Recalculations	3,574	2,729	2,331	1,800	1,703
Tax Adjustments	21,478	21,589 <	22,440 <	18,228	17,187
Total Audits Completed	2,960	3,064	2,978	3,367	3,608
Large Employer Audits	42	43	50	38	52
Add'l Tax Dollars Collected due to Audits	\$522,750	\$489,519	\$241,493	\$209,428	\$211,521
Trust Fund Balance as of 12/31 (billions)	\$1.326	\$1.579	\$1.494	\$1.417	\$1.362
# Months of Benefits in Trust Fund (12/31)	27.5	64.2	70.2	64.8	66.4

† New report implemented in 1998--includes phone calls received on secondary phone lines.

X Change due to implementation of Aspect Phone System. Report includes secondary phone lines and internal transfers.

H Estimated by LMI based on first two quarters of 2001.

< Change due to impementaion of Reimbursable Assessments and increase in adjustments from employer servcie companies.

## Selected Benefit Data (5 Year Comparison)

SELECTED BENEFIT DATA	2001	2000	1999	1998	1997
Initial Claims Filed	439,965	319,225	247,690	271,642	280,166
New Claims Filed	279,717	202,625	161,711	180,508	180,701
Monetary Determinations (% ineligible)	8%	10%	11%	10%	10%
Weeks Claimed Filed (millions)	2.864	1.660	1.483	1.579	1.605
Weeks Paid (millions)	2.446	1.393	1.271	1.347	1.372
Number of First Pays	208,403	130,537	112,436	128,442	121,983
Amount Paid* - millions	\$612.10	\$316.87	\$274.18	\$278.15	\$259.44
Number of Claimants Paid*	242,978	151,519	135,438	151,067	150,315
Avg. Number of Weeks Paid - UI	11.7	10.7	11.3	10.5	11.2
Avg. Weekly Benefit Amount - UI	\$243.98	\$222.19	\$210.31	\$201.31	\$185.90
Max Weekly Benefit Amount	312	288 O	252 O	244 O	236 O
Nonmonetary Determinations	193,097	164,866 :	147,628 :	154,809 :	161,982 :
NonMon Denials	11,567	101,389 :	91,813 :	97,767 :	100,695 :
Percent Denied	61%	61% :	62% :	63% :	62% :
Separation Issues - UI	141,446	128,715 :	112,183 :	112,677 :	113,890 :
Percent Denied	52%	55% :	55% :	55% :	54% :
Non-separation Issues - UI	51,047	35,072 :	35,038 :	41,646 :	47,413 :
Percent Denied	84%	85% :	87% :	86% :	81% :
Appellate Decisions	33,424	22,752	23,157	24,491	25,390
NonMon Reversals - UI	12,211	8,220	7,832	8,109	8,702
Percent Reversed	37%	36%	34%	33%	34%
Claimant Decisions - UI	18,044	13,012	14,660	15,470	16,112
Percent Reversed - Claimant's Favor	34%	32%	29%	28%	30%
Employer Decisions -UI	13,888	8,558	8,210	8,794	8,912
Percent Reversed - Employer's Favor	42%	43%	43%	42%	43%
Review Board Decisions	2,900	2,174	2,451	2,924	2,927
Decisions that Reverse Appellate - UI	132	129	222	188	156
Percent Reversed	5%	6%	9%	6%	5%
Claimant Decisions - UI	1,927	1,434	1,641	1,877	1,878
Percent Reversed - Claimant's Favor	4%	5%	9%	6%	5%
Employer Decisions - UI	969	731	807	1,041	1,025
Percent Reversed - Employer's Favor	5%	7%	9%	7%	6%

Regular and EUC Programs - UI, UCFE, UCX unless indicated.

O Amount increased in July.

: Eff. Jan. 1997, federal changes broadened the definition for counting determinations.

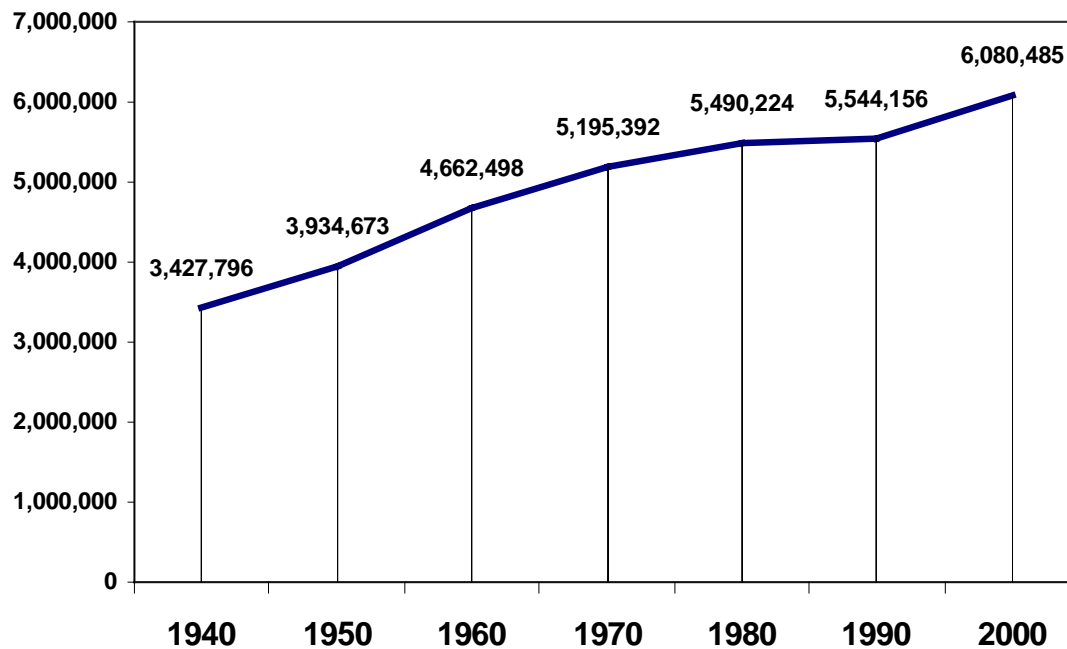
# Employment Statistics

## State of Indiana Population

### STATE OF INDIANA POPULATION 1940 TO 2000

YEAR	POPULATION	NUMERICAL CHANGE	PERCENT CHANGE
1940	3,427,796	N/A	N/A
1950	3,934,673	506,877	14.8%
1960	4,662,498	727,825	18.5%
1970	5,195,392	532,894	11.4%
1980	5,490,224	294,832	5.7%
1990	5,544,156	53,932	1.0%
2000	6,080,485	536,329	9.7%

### INDIANA POPULATION

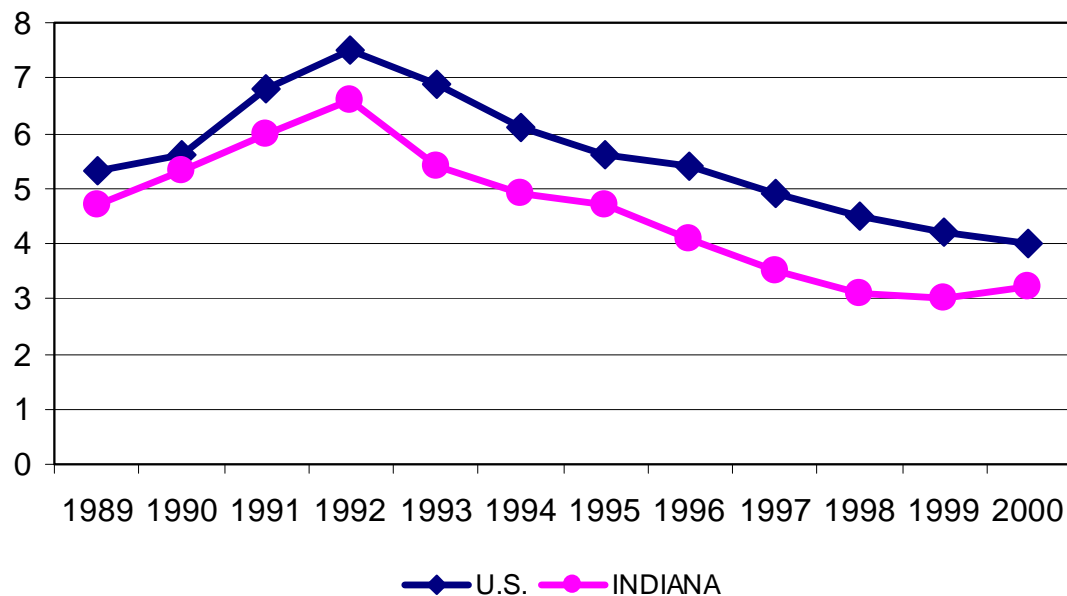


## State of Indiana Labor Force

YEAR	LABOR FORCE	EMPLOYED	UNEMPLOYED	INDIANA RATE	U.S. RATE
1990	2,783,000	2,636,000	147,000	5.3%	5.5%
1991	2,765,000	2,601,000	164,000	6.0%	6.7%
1992	2,849,000	1,663,000	186,000	6.6%	7.4%
1993	2,937,000	2,780,000	157,000	5.4%	6.8%
1994	3,057,000	2,906,000	151,000	4.9%	6.1%
1995	3,134,000	2,988,000	146,000	4.7%	5.6%
1996	3,065,100	2,938,700	126,400	4.1%	5.4%
1997	3,086,300	2,977,900	108,400	3.5%	4.9%
1998	3,088,300	2,992,700	95,600	3.1%	4.5%
1999	3,077,600	2,984,600	93,000	3.0%	4.2%
2000	3,084,100	2,983,900	100,200	3.2%	4.0%

The incorporation of new census data changed the size of the labor force from 1990 forward.  
Data for some years have been revised from earlier published numbers for those years.

## Comparison of Indiana and US Unemployment Rates





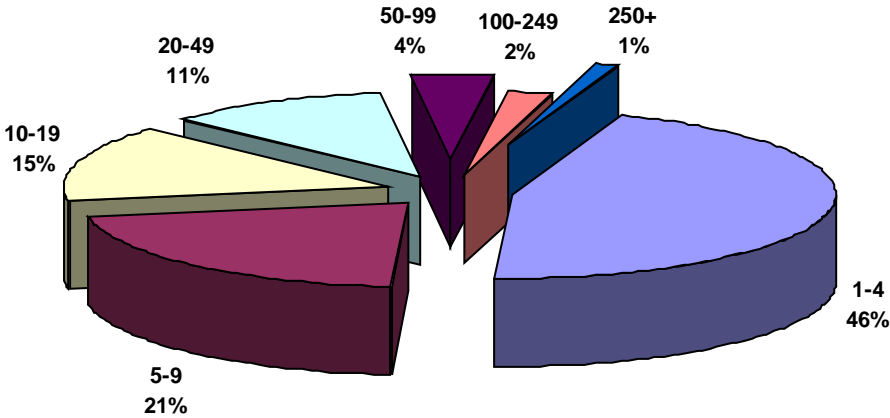
## Indiana Establishments by Employment Size Class, March 2001

Small establishments represent the majority of all Indiana establishments, while large establishments are the major employers and wage payers. The following table and two charts show a breakdown by employment size class.

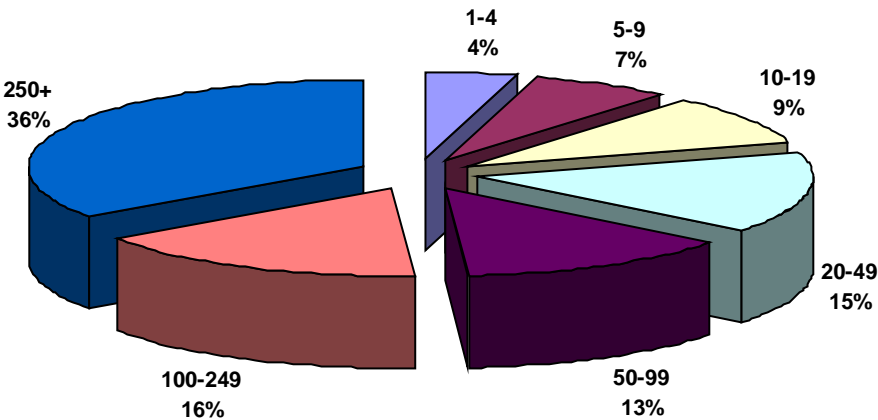
EMPLOYMENT SIZE CLASS	REPORTING UNITS	EMPLOYMENT	TOTAL WAGES
1-4	59,905	127,692	\$ 892,297,886
5-9	28,352	187,847	\$ 1,159,297,629
10-19	19,399	261,840	\$ 1,663,584,346
20-49	14,496	440,565	\$ 2,986,945,755
50-99	5,504	379,527	\$ 2,761,734,418
100-249	3,122	468,008	\$ 3,640,131,099
250-499	894	305,926	\$ 2,643,630,445
500-999	361	247,270	\$ 2,139,997,560
1,000+	206	444,841	\$ 5,143,242,505
<b>TOTAL</b>	<b>132,239</b>	<b>2,863,786</b>	<b>\$23,030,861,643</b>

Includes Business Units with zero employees and Federal Government Employees.

**Reporting Units by Size**



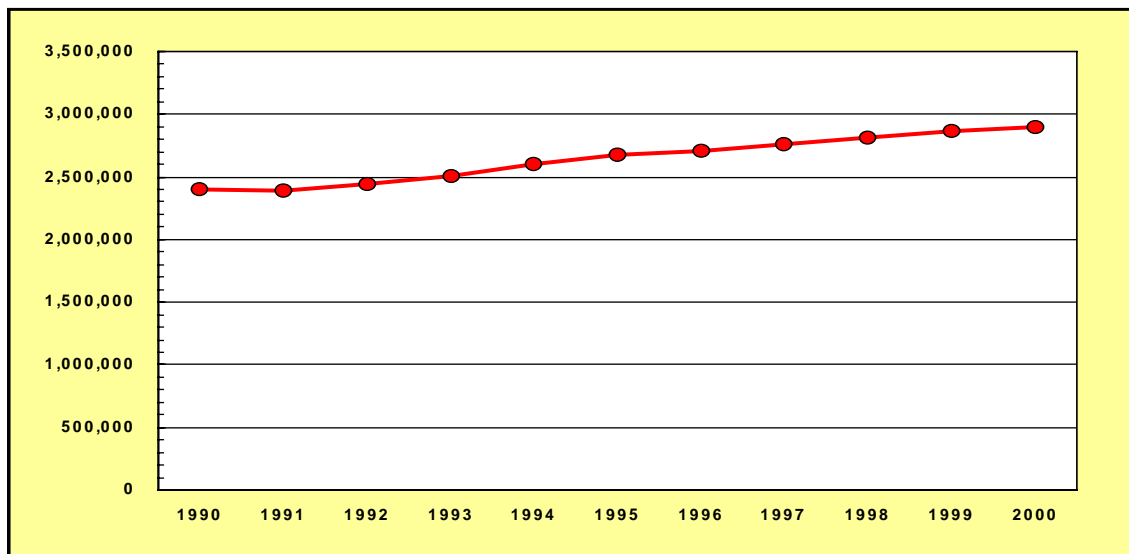
**Employment by Unit Size**



## Indiana UI Covered Employment (2000 Annual Averages)

	Average Number of Units	Average Number of Workers	Total Annual Wages	Average Annual Wages
Agriculture	3,440	27,620	\$ 579,762,780	\$ 20,990
Mining	353	6,070	\$ 284,150,760	\$ 46,180
Construction	17,319	151,380	\$ 5,312,151,330	\$ 35,090
Manufacturing	9,680	685,520	\$ 29,082,985,580	\$ 42,420
Transportation etc.	7,130	142,090	\$ 5,199,463,130	\$ 36,590
Wholesale Trade	14,716	174,140	\$ 5,843,036,020	\$ 39,710
Retail Trade	30,858	561,460	\$ 8,867,895,920	\$ 15,790
Finance etc.	13,996	138,090	\$ 5,418,680,020	\$ 39,240
Services	47,541	692,210	\$ 18,568,258,510	\$ 26,820
Local Government	3,091	252,860	\$ 7,280,065,330	\$ 28,790
State Government	1,298	87,770	\$ 2,802,472,970	\$ 31,930
Unclassified	2,507	900	\$ 26,616,620	\$ 29,570
<b>Total UI Covered</b>	<b>151,929</b>	<b>2,893,100</b>	<b>\$ 89,265,498,970</b>	<b>\$ 30,850</b>
Federal Government	905	43,240	\$ 1,813,019,020	\$ 41,930

### UI Covered Employment - Indiana Totals



Source: Dept. of Workforce Development, Labor Market Information

## **GLOSSARY OF TERMS**

### **Average Annual Tax per Worker**

Average tax rate multiplied by the taxable wage base.

### **Average Duration**

Number of weeks compensated for the year divided by the number of first payments.

### **Average High-Cost Multiple (AHCM)**

Calendar Year Reserve Ratio (or "TF as % of Total Wages"); divided by the Average High Cost Rate.

### **Average High-Cost Rate (AHCR)**

The average of the three highest calendar benefit cost rates in the last 20 years. Benefit cost rates are benefits paid (including the state's share of extended benefits but excluding reimbursable benefits) as a percent of total wages in taxable employment.

### **Average Weekly Benefit Amount (AWBA)**

Benefits paid for total unemployment, divided by weeks compensated for total unemployment.

### **Average Weekly Wage (AWW)**

Total wages (including overtime) divided by covered employment, divided by 52 weeks.

### **Covered Employment**

Number of employees covered by Unemployment Insurance that is reported to the states by employers.

### **Continued Claims**

The number of Indiana residents who filed for either a waiting period week or a compensable week of employment.

### **Dislocated Worker**

An individual who has been terminated or laid off, or who has received a notice of termination or layoff from employment.

### **FY 00**

Fiscal year from July 1, 1999, through June 30, 2000.

### **FY 01**

Fiscal year from July 1, 2000, through June 30, 2001.

**FY 02**

Fiscal year from July 1, 2001, through June 30, 2002.

**Maximum Annual Tax per Worker**

Maximum tax rate multiplied by taxable wage base.

**Minimum Annual Tax per Worker**

Minimum tax rate multiplied by taxable wage base.

**Months of Benefits**

Number of months that benefits could be paid if benefit payouts continued at their most recent levels and there were no additional funds collected.

**Regular Benefits**

The benefits paid to individuals under a state program, usually the first 26 weeks of benefits, for all weeks compensated including partial payments.

**State Revenue**

Funds deposited in state accounts in the Unemployment Trust Fund (UTF). These revenues are used to pay state UI benefits and the state share of Extended Benefits (EB).

**Total Unemployment Rate (TUR)**

The rate computed by dividing total unemployment by the civilian labor force.

**Total Wages**

All wages or remuneration paid to workers on all payrolls covered by Unemployment Insurance.

**Weeks Compensated**

The number of weeks claimed, for which UI benefits are paid. Weeks compensated for partial unemployment are included. Interstate claims are counted in the paying state.

**Worker Adjustment and Retraining Notification (WARN) Act**

The WARN Act was enacted on August 4, 1988, with an effective date of February 4, 1989. This program offers protection to workers, their families, and communities by requiring employers to provide notice sixty (60) days in advance of covered plant closings or mass layoffs to three entities--the DWD's Dislocated Worker Unit; the local elected official; and each worker or their union representative. (In general, the provision applies to employers of one hundred (100) or more who close operations or layoff fifty (50) or more workers at a single site.)

## Acronyms

- ACHM - Average High-Cost Multiple
- AHCR - Average High-Cost Rate
- AWBA - Average Weekly Amount
- AWW - Average Weekly Wage
- BPC - Benefit Payment Control (Unit)
- CAEL - Council on Adult and Experimental Learning
- CS3 - Customer Self Service System
- CY - Calendar Year
- DLA - Desired Level of Achievement
- DWD - Department of Workforce Development
- EB - Extended Benefits
- FUTA -Federal Unemployment Tax Act
- FY - Fiscal Year
- GET - Gain Education and Training
- HCR - High Cost Rate
- NAFTA/TAA - Transitional Adjustment Assistance Program
- RFP - Request for a Proposal
- RSA - Regional Skills Alliance
- STA - Skilled Trades Apprenticeships
- SUTA - State Unemployment Tax Act
- TAA - Trade Adjustment Assistance Program
- TUR - Total Unemployment Rate
- UI - Unemployment Insurance
- USDOL - United States Department of Labor
- UTF - Unemployment Trust Fund
- WIA - Workforce Investment Act
- WIB - Workforce Investment Board
- WIN - Workforce Investment Now